

# INPUTS AND MATERIALS



Expert Hearing

Cross-border Cooperation and Trade Facilitation in Asia

Bangkok, 27–28 November 2013

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On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ)

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## List of Abbreviations

ACIA	ASEAN Comprehensive Investment Agreement
AEC	ASEAN Economic Community
AFAS	ASEAN Framework Agreement on Trade in Services
ASEAN	Association of Southeast Asian Nations
ASW	ASEAN Single Window
ATF	Agreement on Trade Facilitation
ATIGA	ASEAN Trade in Goods Agreement
BPM	Business Process Management
CAREC	Central Asia Regional Economic Cooperation
CBEZ	Cross-border Economic Zones
CBSEZ	Cross-border Special Economic Zones
CEPT	Common Effective Preferential Tariff
CRTA	Committee on Regional Trade Agreements
DSB	Dispute Settlement Body
DSU	Dispute Settlement Understanding
EXIM	Export-Import Banks
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GMS	Greater Mekong Subregion Economic Cooperation
GTI	Greater Tumen Initiative
MFN	Most-Favoured Nation Principle
MNCCI	Mongolian National Chamber of Commerce and Industry
NEA	North-East Asia
NSW	National Single Window
PBG	Pan-Beibu Gulf Economic Cooperation
PPP	Public Private Partnership
PRC	People's Republic of China
PTA	Preferential Trade Agreement
RCI	Regional Economic Cooperation and Integration in Asia
R&D	Research and Development
RTA	Regional Free Trade Agreement
SEW	Single Electronic Window
SEZ	Special Economic Zones
SOE	State-owned Enterprises
SW	Single Window
TCES	Thai Customs Electronic Systems
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
USD	United States Dollar
WTO	World Trade Organisation

## Expert Forum Agenda

Wednesday, 27.11.2013

- 09:00 – 9:30     **Welcoming Address**  
David Oberhuber, Country Director GIZ Thailand and Malaysia
- Objectives and Background**  
Jürgen Steiger, Programme Director, Regional Economic Cooperation and Integration in Asia, GIZ
- 09:30 – 10:00     **Introduction of Participants**  
Jost Wagner, Facilitator
- 10:00 – 10:30     **Keynote Speech**  
***WTO in Asia – Opportunities and Challenges***  
Meinhard Hilf, Bucerius Law School Hamburg, Germany
- 10:30 – 11:00     **Tea and Coffee Break**
- 11:00 – 12:30     **Table Talk**  
***Regional Initiatives in the Spotlight***
- Central Asia Regional Economic Cooperation (CAREC)  
Samira Abbu, GIZ Kyrgyzstan
  - Pan-Beibu Gulf (PBG) Economic Cooperation  
Peter L. Fedon, Solutions Across Boundaries Consultancy
  - Greater Tumen Initiative (GTI)  
Wang Weina, GTI Secretariat
- 12:30 – 14:00     **Joint Lunch**  
Swissôtel Nai Lert Park, Bangkok
- 14:00 – 15:30     **Caravan**  
***Emerging Issues in the Sector***
- Cross-Border Economic Zones / Special Economic Zones in a Regional Environment  
Yuan Yiming, Shenzhen Policy Institute of Industry Development, Shenzhen University
  - ASEAN Economic Community (AEC) and Beyond  
Thanet Sucharikul, Assumption University of Thailand
  - WTO in Asia  
Meinhard Hilf, Bucerius Law School Hamburg
- 15:30 – 16:00     **Tea and Coffee Break**
- 16:00 – 17:00     **Talkshow**  
***Beyond Investment – Engaging the Private Sector in Trade Facilitation***  
Peter L. Fedon, Moderator  
Panellists:
- Dandii Adiyasuren, Mongolian National Chamber of Commerce and Industry
  - Hartmut Janus, GIZ
  - Sok Hach, Economic Institute of Cambodia
- 17:30                **Joint Dinner: River Cruise Boat**

Thursday, 28.11.2013

- 09:00 – 9:30     **Reflection on Day 1**  
Jost Wagner, Facilitator
- 09:30 – 11:00    **Warm up Session: Implementation of Single Electronic Window**  
Andrej Kuzsnetsov, Simourg LLC
- 11:00 – 11:15    **Tea and Coffee Break**
- 11:15 – 12:00    **Synthesis Workshop**  
*Hot Potatoes and Key Take Aways*
- 12:00 – 12:15    **Closing Remarks**  
Jürgen Steiger, Programme Director, Regional Economic Cooperation and Integration in Asia, GIZ
- 12:15 – 13:00    **Joint Lunch**  
Swissôtel Nai Lert Park, Bangkok
- 13:00 – 16:00    **Visit of Bangkok Port**  
Welcome Remarks and Presentation of Royal Thai Customs Department  
Observation of Import and Export Procedures  
Wrap Up Session on Site



## I. Executive Summary



From 27 to 28 November 2013, the programme “Regional Economic Cooperation and Integration (RCI) in Asia” by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH convened its second international expert forum on “*Cross-border Cooperation and Trade Facilitation in Asia*” in Bangkok, Thailand. The following pages summarise the purpose, themes and results of this event. Detailed information including the content of lectures and discussions can be retrieved from the respective summaries.

### **Background and Purpose**

National borders among Asian countries create barriers to market-driven economic interactions such as trade, movement of labour and investments. These barriers are often caused by tariffs or non-tariff barriers to trade, by controls and regulations and by the lack of incentives for public and private actors of neighbouring countries to provide cross-border infrastructure, promote cooperation or manage cross-border externalities (spillovers) (Finn/Pidufala, 2008: 4).

Although politicians and economists have long recognised that regional economic cooperation among neighbouring countries can help to overcome the limitations of domestic markets and thus foster economic development, the development of regional infrastructure networks and efficient management of cross-border cooperation is highly dependent on the creation and support of regional and subregional organisations (Schiff/Winters, 2002: 1-2).

The fundamental role of institutions in providing the governance framework for RCI has thus been widely acknowledged. However, the formation of regional and subregional initiatives by itself does not necessarily remove barriers to cooperation. Regional institutions will remain weak, if member countries or the respective regions do not engage in serious dialogue and share their experiences with other regional initiatives to learn about factors of success and failure.

Against this backdrop, there is growing demand to harness the rich regional knowledge and experience to progress towards deepened and mutually beneficial RCI. As there are many good practices of regional cooperation and integration created within the region, the RCI Programme responds to this demand by promoting this unique platform for peer-to-peer learning among the four subregional initiatives Pan-Beibu Gulf (PBG) Economic Cooperation, Central Asia Regional Economic Cooperation (CAREC), Greater Tumen Initiative (GTI), and Greater Mekong Subregion (GMS) Economic Cooperation.

### **Summary of the Expert Forum**

The expert forum opened with a keynote speech on “World Trade Organisation (WTO) in Asia – Opportunities and Challenges” by Prof. Meinhard Hilf. In his speech, Mr. Hilf mainly focused on the 9<sup>th</sup> Ministerial Conference of the WTO in Bali in 2013 and its possible implications for RCI in Asia. In particular, he emphasised the importance of the agreement on trade facilitation, which would benefit global value chains and international trade. However, Mr. Hilf pointed out that the full benefit from a trade facilitation agreement may not be generated automatically. Whereas most developed and emerging WTO members have no difficulties to meet the obligations, implementation costs for developing member states might be significant. Concluding his speech, he reminded participants of the necessity to harmonise trade policies across all regional and inter-governmental organisations in order to make trade work for all. As it is impossible to delineate global policies from national and regional policies, only policy coherence managed under the umbrella of the WTO will foster global trade and benefit Asian economies.

The keynote speech was followed by a table talk, placing “Regional Initiatives in the Spotlight”. This session was introduced by a presentation of experts and representatives from CAREC, PBG and GTI. These short introductions to each initiative were followed by a round of discussion, where participants reflected on the inputs and related them to their respective operational realities.

In the afternoon of the first day, participants gathered in three parallel discussions on emerging issues in the sector (*Cross-Border Economic Zones/ Special Economic Zones; ASEAN Economic Community (AEC) and Beyond; WTO in Asia*). Each thematic session was guided by an expert who provided valuable stimuli to the deliberations. Intermediate conclusions in working group I



were, that SEZ in general are highly relevant instruments to develop economies in certain areas and have returned to the centre of attention due to their success in the recent past. Moreover, participants emphasised the appliance of SEZ as a reform testing ground before implementing them at the national level. Working group II highlighted the importance of the question of how to achieve the objectives of AEC despite being confronted with challenges such as inefficient legal and institutional frameworks, conflicting FTAs, and different targets. Within working group III the discussion went from a general stock-taking of WTO related issues in Asia to specific questions pertaining to the critical relations between the WTO framework and Regional Free Trade Agreements (RTA). The discussion also touched upon recent developments of WTO disputes in the region and highlighted the role of WTO settlement mechanisms for global and regional trade.

The caravan was followed by a “talk show” style panel discussion. In the course of the discussion, academics, practitioners, as well as representatives of the public and private sector explored how to initiate and successfully implement public-private partnerships in trade facilitation. The open format offered space for audience interaction which enriched the debate. Panellists agreed that coordination among all involved stakeholders in the trade and transport sector is essential to implement successful trade facilitation measures. Functioning coordination mechanisms should include government regulators, traders, private sector trade intermediaries, as well as consumers.

The second day started with a session on Single Electronic Window (SEW) implementation. The served as theoretical introduction to the following field visit to Bangkok Port and the adjunct Royal Thai Customs department. Following an overview of the overall guiding principles, the integration of SEW into a broader structure of e-governance and the business process model were explained in detail.

For the final synthesis session participants were divided into two groups, one GMS/PBG group and one CAREC/GTI group. This way, participants were enabled to discuss the most urgent issues (“hot potatoes”) in the field of cross-border cooperation and trade facilitation within their respective region. While establishment and management of SEZ, free movement of labour, SEW, and capacity building turned out to be the “hot potatoes” for the GMS/PBG group, the CAREC/GTI group described SEW, harmonisation of legislation and regional energy cooperation as the most pressing issues. Beyond identifying “hot potatoes”, both groups shared their major learning experiences (key take aways) with their peers. Participants from the GMS/PBG group jointly stated that the dialogue among subregional initiatives generated important learning effects in the area of PPP in trade facilitation, AEC, and SEW implementation. These outcomes were supplemented from the CAREC/GTI group by learning progress in terms of mechanisms to

improve coordination between subregional initiatives and harmonisation of regional with national level policies.

After the synthesis session, participants and organisers jointly visited Bangkok Port. The field trip was introduced by a presentation of the Royal Thai Customs Department on Thai Single Electronic Window, which was followed by an on-site examination of import and export procedures. Participants also seized the opportunity to discuss technicalities with representatives of Thai Customs. The field trip successfully complemented the theoretical discussions addressed during the forum.

## Conclusion

By supporting the unique format constituted by the expert forum, the RCI Programme successfully assembles representatives from member countries of four different subregional initiatives in Asia to discuss and communities their approaches to cross-border cooperation and trade facilitation. Along the lines of “**Connect Asia**”, the expert forum not only revisited topics of the forerunner event in 2012 in greater detail but contributed substantially to take forward and sustain the network among the subregional initiatives.

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*Schiff, M. & Winters, L. A.(2002):* "Regional cooperation, and the role of international organizations and regional integration," Policy Research Working Paper Series 2872, The World Bank. Available at <http://elibrary.worldbank.org/doi/book/10.1596/1813-9450-2872>

## DAY I



## II. Welcoming Remarks

Jürgen Steiger, Programme Director, GIZ RCI



Distinguished experts, dear partners and friends, dear colleagues,  
Ladies and Gentlemen,

A very warm welcome to all of you to our second Expert Forum on Cross-Border Cooperation and Trade Facilitation in Asia. I am very happy indeed to welcome participants from altogether 12 Asian countries, expanding from Mongolia all the way to Indonesia. I appreciate that, in this expert forum setting, we have just the right number and the right mix of people to have very focused discussions on specific topics of common interest and to learn from each other in the spirit of this forum.

Since not everybody has worked with the GIZ “Regional Economic Cooperation and Integration Programme” before and not everybody in this room might be fully familiar with our annual expert forum and its objective, allow me to comment briefly on the following points, before we give the floor to you:

First, what is the “Regional Economic Cooperation and Integration in Asia” – or as we call it – RCI Programme’s mandate? Second, what do we want to achieve with this forum? Third, where do we stand now and where are we headed to?

The RCI Programme has been commissioned by the German Federal Ministry for Economic Cooperation and Development to support selected subregional initiatives in Asia – namely the Pan-Beibu Gulf Economic Cooperation, Greater Tumen Initiative, Central Asia Regional Economic Cooperation and Greater Mekong Subregion Economic Cooperation Programme – in order to contribute to the improvement of core processes of regional economic cooperation and integration. We will hear brief introductions to each initiative in the course of this morning. Our programme supports regional and national stakeholders in the context of those four initiatives

to address functional aspects of regional cooperation and integration by providing capacity building, organizing trainings and conducting sector studies in the areas of trade facilitation, port cooperation and cross-border cooperation.

Many good practices of regional cooperation and integration are created within Asia. Today's expert forum serves as a platform to make such existing knowledge accessible and to enable the exchange of professional experience among cooperation initiatives in the region. This peer-to-peer learning process is set to be driven by regional sources of knowledge – or to be more precise: by you. Now: All initiatives represented here today can draw from a plethora of valuable experiences that are specific for their respective subregion. From our understanding, learning is multidirectional. What counts is that you share your experiences that are relevant to your peers.

We undertook the first steps in initiating such a dialogue exactly one year ago, here in Bangkok, when we held our first expert forum and brought together representatives from all four subregional initiatives. I am indeed very pleased to see how much progress we have made within the last 12 months. Our goal was to identify common key challenges that would benefit from regional knowledge sharing and to establish a network for further cooperation between the initiatives. Building on this, we have, for example, carried out a study tour on cross-border economic zones with representatives from Laos to Viet Nam and China. Furthermore in the framework of PBG we held a workshop on project management of cross-border cooperation. In the field of Single Electronic Window Implementation we organized a joint study tour with participants from GTI and CAREC member countries to Senegal.

Where we want to get at today, is – by sharing your knowledge and experiences among one another – to expand our expertise on emerging issues in cross-border cooperation and trade facilitation and encourage deepened communication and dialogue between you beyond today's event. We strongly believe in the uniqueness of this format and its relevance for advancing regional cooperation and integration efforts in Asia, which are consensually seen as key for the region's future development. Let's tap this potential together and look out for concrete areas for mutual learning and approaches for future collaboration.

Ladies and Gentlemen,

Let me close now by highlighting my wish for the coming two days to bring new insights for all of us and a fruitful peer-to-peer exchange. The floor is all yours. Thank you very much.

### III. Expert Hearing Summary



#### 3.1 Keynote Speech: WTO in Asia – Opportunities and Challenges

Meinhard Hilf, Bucerius Law School Hamburg



##### **I. Agenda of the Ministerial Conference of the WTO in Bali 2013**

Ladies and Gentlemen,

On the Agenda of the 9<sup>th</sup> Ministerial Conference of the WTO in Bali, beginning on 29 November 2013, two topics are of particular importance: Cross-Border Cooperation and Trade Facilitation.

Cross-border Cooperation in essence refers in the given context to trade between two or more members of the WTO. This cooperation can take place in a more or less institutionalised framework such as within a Regional Trade Agreement (RTA) or a Preferential Trade Agreement (PTA) and can be organised bilaterally or multilaterally.

The other topic is Trade Facilitation: Each trade transaction across the borders of WTO members is channelled through formal procedures relating to import and export transactions governed by national or – in exceptional cases – by international regulations.

Both topics will be addressed at the upcoming 9<sup>th</sup> Ministerial Conference in Bali between the 3 and 7 of December 2013. It is still unclear in which context RTA and PTA will be discussed as there is a deep conflict between the basic Most-favoured Nation (MFN) – Principle as codified in Art. I al. 1 WTO Agreement and the ever growing practice of all WTO members – with the notable exception of Mongolia – to create and uphold preferential trade relations with one or more WTO members. It is estimated that already more than 50% of world trade transactions are channelled within these special frameworks.

The second topic during the WTO Bali Conference referring to the facilitation of trade procedures is also a remainder of the over-boarding agenda of WTO. During the Ministerial Confer-

ences in Singapore in 2004, it was decided to first tackle the relatively unproblematic issue of trade facilitation. Obviously WTO member countries did not expect too many fundamental differences in this area as there is a shared interest in transparent and consistent customs procedures at the borders of every WTO member. This interest relates to agree on binding commitments for all WTO members who are mutually interested in an “expedite movement, release and clearance of goods” (WTO 2004), as explicated in the “July Package” of 2004, based on an efficient cooperation between all members of the WTO. It seems that this can be arranged without any far-reaching concessions in other substantive or budgetary matters. And in effect, the 9<sup>th</sup> Ministerial Conference of Bali will be seized with a complete draft of an Agreement on Trade Facilitation (ATF) (see paragraph III).

The WTO as a successor of the General Agreement on Tariffs and Trade (GATT) of 1947 was founded in 1994 at the conclusion of the Uruguay Round. The founding document had first been signed by 110 contracting states of the GATT who thereby became founding members of the WTO as of January 1, 1995. Parallel to Art. XXXIII GATT, further accessions were foreseen by Art. XII of the WTO Agreement (WTO 1994) on the basis of a decision of the Ministerial Conference with a two-thirds majority. Thus the WTO has since been on the way to become a universal organisation. The most spectacular procedures of accession took place in 2001 in the case of the People’s Republic (PR) of China and in 2012 in the case of the Russian Federation – both being amongst the leading trading countries worldwide.

Before the final decision of accession can be taken, the acceding state has to accept all conditions which are more or less imposed by the other WTO members. Referring to both of these accessions the WTO Secretariat has published voluminous reports of the working groups documenting the respective deliberations on 576 pages in the case of PR China and on 612 pages in the case of the Russian Federation (see document WT/ACC/RUS 70 with affluent annexes). In effect, these deliberations leading to the final Protocol of Accession are the last chance to enforce certain conditions with respect to any acceding member of the WTO. Once the final decision has been made and the new member enters the WTO, the rule of consensus will make it difficult in the future to satisfy any further outstanding interests.

The PR China has negotiated for eight years to become a member of WTO. In the Russian case it took 18 years. Some observers hold that these procedures leading to the final decision in the end are unfair, costly and complex as there is no right to enter the WTO under certain guaranteed terms or conditions. Despite this criticism, WTO proceeds to become a universal organization in which the basic principles and rules governing the international trade of its members are to govern the entire world trading system.



## **II. Is a system of regional cooperation friend or foe of the WTO?**

Due to the stagnation of the Doha Round and disappointing outcomes of some of the Ministerial Conferences trying to reform and develop the WTO, members of the WTO started to negotiate and conclude specific bilateral or multilateral agreements on trade of goods and/or on services. In some cases these agreements have been expanded to non-traditional fields such as environmental issues, investment, government procurement, technical barriers to trade and others which are coined “WTO-Plus” agreements and are often embedded in specific political and cultural agendas. A special Committee on Regional Trade Agreements (CRTA) was entrusted in 1996 to list and classify the respective agreements in the Regional Trade Agreements Information System.

In December 2013 the Committee will list 215 final agreements, some of them including “WTO-Plus” topics. And still, there is an ongoing trend to negotiate further agreements to strengthen regional trade relations. All in all however, no consensus has yet emerged whether such regional agreements should be classified as building blocks of a universal system or rather as stumbling blocks, preventing the establishment of such a system. Beyond doubt, worldwide cooperation and trade are necessary and inevitable. Moreover, it seems very noteworthy that nearly all existing RTA or PTA are successful in generating additional gross domestic product (GDP) and developing new dimensions of foreign trade. Of course, a lot of confusion due to non-harmonized standards and regulations exists and is in some cases forming a rather chaotic network of diverging trade rules mostly in sensitive areas such as rules of origin or of valuation.

The current confusion will certainly further mushroom until WTO member countries might realise that new rules are inevitable in the context of an international institution such as WTO. Thus – in a rather distant day – we might see a sort of “WTO II”, harmonising these additional rules into one universal agreement. RTA thus have a chance to develop and eventually establish additional elements of a new worldwide trade regime.

## **III. The Agreement of World Trade Facilitation**

As it seems by now the only tangible result of the 9<sup>th</sup> Ministerial Conference in Bali 2013 will be the drafting and signing of the ATF. I expect only very few substantial issues in the final version thus making it easy for all WTO members to agree. But at the end it may counter the fear that growing regionalism may suffocate the WTO (*Baldwin/Thornton 2008: 8*). The more WTO members are involved in new bilateral or regional regulations, the more they might become ready to join a multilateral effort to establish new common and deeper rules in order to give world trade a more stable, intense and transparent basis.

Certainly only customs facilitation is not in the centre of the regulation of world trade. And any bilateral or multilateral agreement may certainly need more resources for negotiation and



thereby in some cases lead to chaotic networks which by their very nature will imply more transaction costs.

The main issues in the Draft ATF concern transparency and consistency regarding basic customs procedures and mutual commitments to “expedite movement, release and clearance of goods”. In addition there are proposals for classification, definition of origin and valuation of traded goods. A number of other rules concern the accelerated handling of goods including a pre-arrival processing framework. This is important to guarantee just-in-time deliveries.

“Simplifying formalities” is a major goal of the AFT including the encouragement of WTO members to establish a Single Window system in order to eliminate redundancy for traders, to improve efficiency relating to the interaction with the perspective government and to facilitate the coordination with multiple governmental agencies. It is estimated that there is a global additional value of 67 billion USD for the global GDP once the lean procedures of the ATF will be completely implemented (*Decreux/Fontagne 2011: 49*). For each national system it can be stated that the new procedures will help to transform and modernise the future handling of international trade. All in all the AFT proves to be an important document. We can openly state that the WTO still has an important vocation for the facilitation of customs procedures.

Thank you.

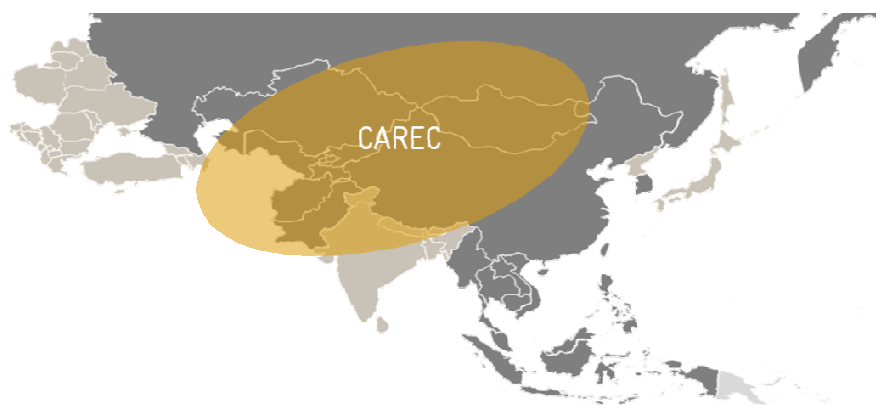
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### 3.2 Table Talk: Regional Initiatives in the Spotlight



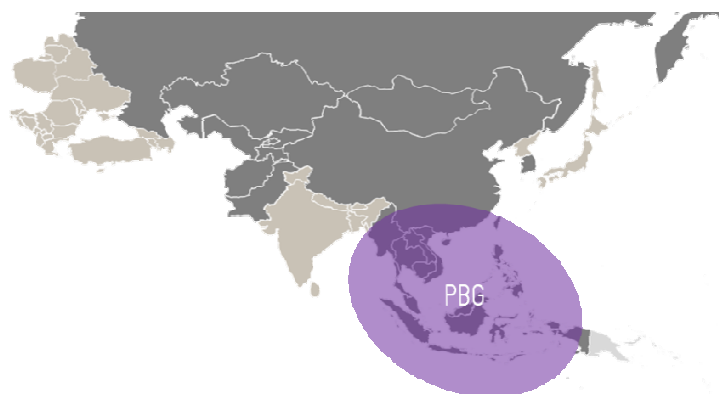
#### 3.2.1 Central Asia Regional Economic Cooperation (CAREC)



The Central Asia Regional Economic Cooperation (CAREC) Programme is an ADB supported initiative of ten member countries promoting regional development through cooperation aimed at growth and poverty reduction. Almost 140 CAREC-related projects worth over \$21 billion have been implemented in the four core areas of cooperation. With the rapid economic expansion of the People's Republic of China and Japan to the east, the Russian Federation to the north, and India and Pakistan to the south, there seems to be an unprecedented opportunity for CAREC member countries to emerge as a centre of trade and commerce, achieve higher levels of economic growth, and reduce poverty. CAREC helps Central Asia and its neighbours realize their significant potential by promoting regional cooperation.

Fact Box CAREC	
<b>Founded</b>	1997
<b>Member Countries</b>	Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, PR China (Xinjiang and Inner Mongolia), Tajikistan, Turkmenistan and Uzbekistan
<b>Population</b>	ca. 347,000,000
<b>Goal</b>	Create better connectivity throughout the CAREC region, increase trade, improve the quality of life for all, and achieve progress toward energy efficiency, security, and trade
<b>Focus Areas</b>	Transport, trade facilitation, energy, and trade policy
<b>Serves as</b>	A driving force to encourage economic cooperation among the member countries and a platform for regional economic cooperation

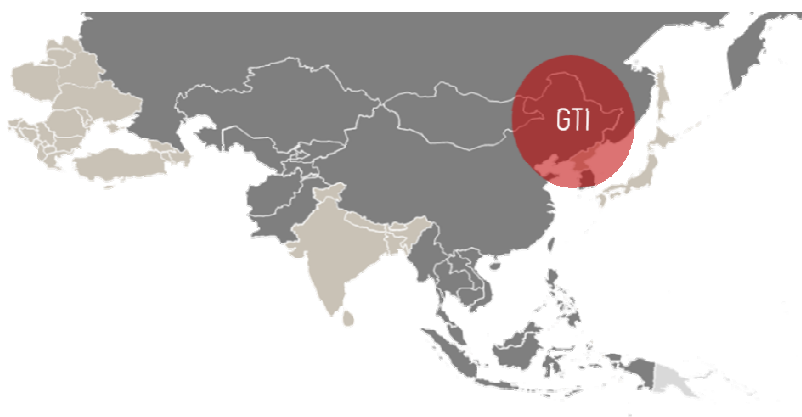
### 3.2.2 Pan-Beibu Gulf (PBG) Economic Cooperation



The Pan-Beibu Gulf (PBG) Economic Cooperation was jointly launched by Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, Viet Nam, People's Republic of China (PRC), and the ADB in 2006. Over time the PBG initiative has expanded to include all 10 member states of the Association of Southeast Asian Nations (ASEAN). Next to the GMS Economic Cooperation Programme, PBG represents one of the two major pillars of ASEAN-PRC cooperation. While GMS supports cooperation mainly in the continental part of the ASEAN-PRC region, the PBG initiative is intended to focus on cooperation between the oceanic part of ASEAN and China's southern coastal provinces, therefore putting strong emphasis on maritime trade and port co-operation.

Fact Box PBG	
<b>Founded</b>	2006
<b>Member Countries</b>	Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, PR China (Guangxi, Guangdong, and Hainan), the Philippines, Singapore, Thailand and Viet Nam
<b>Population</b>	ca. 574,000,000
<b>Goal</b>	Complement other ongoing subregional cooperations involving ASEAN by targeting focus areas that are not covered yet in order to boost regional cooperation and integration
<b>Focus Areas</b>	Ports and logistics, finance, trade and investment facilitation, tourism, environmental protection, human resource and private sector development
<b>Serves as</b>	A strong and important economic partnership within the framework of ASEAN-PRC cooperation

### 3.2.3 Greater Tumen Initiative (GTI)



The Greater Tumen Initiative (GTI), originally known as the Tumen River Area Development Programme, is an intergovernmental cooperation mechanism supported by the UNDP. The initiative is named after the Tumen River, which connects the region at the crossroads of vital trade and energy routes. In 1995, GTI member governments signed agreements to establish this common platform, aimed at strengthening economic and technical cooperation and attaining greater growth and sustainable development in North-East Asia (NEA) especially in the Greater Tumen Region. The GTI works closely with important international partners to jointly promote the region. The organisation hosts both the Local Cooperation Committee which supports cooperation initiatives among local governments and the NEA Export-Import (EXIM) Banks Association, a regional development financing mechanism.

Fact Box GTI	
<b>Established</b>	1990 - 1991
<b>Member Countries</b>	Mongolia, PR China (Liaoning, Jilin, Heilongjiang, and Inner Mongolia), Republic of Korea, and Russian Federation (Primorsky Territory)
<b>Population</b>	ca. 142,000,000
<b>Goal</b>	Build a great partnership for common prosperity between neighbours and strengthen cooperation under the GTI framework to increase mutual benefit
<b>Priority Sectors</b>	Transport infrastructure and connectivity, regional trade and investment promotion, tourism, energy policy coordination, environmental sustainability
<b>Serves as</b>	A platform for regional economic cooperation

For more detailed information on the above mentioned subregional initiatives please refer to:

**CAREC:** [www.carecprogram.org](http://www.carecprogram.org) and [www.adb.org/countries/subregional-programs/carec](http://www.adb.org/countries/subregional-programs/carec)

**PBG:** [www.adb.org/projects/45002-001/details](http://www.adb.org/projects/45002-001/details)

**GTI:** [www.tumenprogramme.org](http://www.tumenprogramme.org)

### 3.2.4 General Discussion



After each of the three subregional initiatives were briefly presented by one representative, participants discussed the following two guiding questions:

- *From the perspective of the subregional initiative that you are representing here today, what are the essential ingredients to make such an initiative work?*
- *In the spirit of peer-to-peer exchange, what can you learn from other subregional initiatives that are assembled here today?*

In terms of question one; participants identified institutional set-up, efficient implementation processes, transparency of project selection and coherence between national and regional interests as essential ingredients to make a subregional initiative work. In terms of question two, participants were very interested in each other's work and institutional structures and suggested exchange programmes for staff members of the initiatives. For example through secondments, members of one initiative could gain hands-on experience in coordination or project management approaches of another peer initiative, which might be applicable for their own initiative too. The RCI programme, jointly with its partners, will support the idea of secondments during the year 2014.



### 3.3 Caravan: Emerging Issues in the Sector



#### 3.3.1 Cross-Border Economic Zones / Special Economic Zones in a Regional Environment

Yuan Yiming, Center for Special Economic Zone Research, Shenzhen University



##### Background

Export growth and diversification through integration into the international economy has benefitted a rising number of developing economies, whose export-oriented development strategies have uplifted them to the status of developed nations. Especially in Asian countries, such as the group of so-called “tiger” and “panther” states, export promotion policies played a crucial role in most but not all cases in sustaining long-term growth rates. This was mainly achieved by fostering sequences of investment, innovation, and poverty reduction and enabling these countries’ economies to pass through a transition from dependency on primary goods production to vital manufacturing exporters.

Designed to attract foreign investment and reduce business costs, cross-border economic zones (CBEZ), as centres of economic activity, serve as effective vehicles for outward-oriented growth and improvement of mutual cooperation and understanding, whilst deepening regional economic integration. However, while bearing great potential for economic development, an adequate design, clear policy frameworks as well as sufficient regulatory and administrative knowledge are crucial for the successful implementation.

Especially against the background of various CBEZ approaches in the region, such as in China, Viet Nam, Cambodia and Laos, and their embeddedness in an increasingly complex economic environment, it is necessary to facilitate international knowledge exchange and to strengthen national capacities to effectively manage the economic policy tool at hand.

## Points from the general discussion

Participants addressed two main topics in their discussion:

### Factors of success: The case of SEZ Shenzhen

Prof. Yuan introduced the case of Shenzhen as quasi CBEZ. Within 30 years, Shenzhen has developed rapidly to become an important Research and Development (R&D) centre as well as a manufacturing base for China, owning the world's fourth largest container port and China's fourth largest airport. Moreover, GDP growth has been remarkably high while production has shifted from primary to secondary and tertiary industry sectors at a tremendous pace, indicating a high speed of industrialisation. The following factors were identified by participants as contributors to success:

- **Introduction of market mechanism:** Shenzhen effectively broke the planned price system as the first city in China. In 1980, it started to ease restrictions on prices of some commodities, thereby introducing the market as price setting mechanism.
- **Government support:** The local government started efforts to attract foreign direct investment (FDI) through preferential tax agreements and measures to protect said investments. The corporate income tax for instance was lowered from 30 to 15%, with further tax cuts for companies utilising leading technology for instance. As a result, FDI increased from \$5 million in 1980 to \$1,31 and \$4,03 billion in 1995 and 2008, respectively. Furthermore, local and federal governments supported the evolvement of the Shenzhen SEZ by continuously upgrading the on-site infrastructure.
- **Institutional set up:** In 1985, Shenzhen founded the first foreign currency exchange transaction centre, effectively enabling foreign capital to be invested easier in local industry. This step had been preceded by allowing the establishment of foreign bank branches in Shenzhen. Moreover, stock capitalisation of state-owned companies (SOE) – as well unseen in China at that time – was introduced, making SOEs more attractive to foreign investors. Lastly, Shenzhen had started to improve and – more importantly – simplify administrative management systems of the city, a major characteristic of any successful SEZ.
- **Neighbouring Hong Kong:** The economic success of Shenzhen needs to at least partially be contributed to the economic powerhouse Hong Kong. More precisely, complementary advantages with Hong Kong can be found which have been very important to the development of the Shenzhen SEZ. Shenzhen and Hong Kong have since been engaged in a so called “Shop Front, Back Factory”-model (see figure 1). As Shenzhen owns a comparative advantage in qualified labour over Hong Kong, production is consequently carried out in Shenzhen, while management – an asset Hong Kong holds over Shenzhen – is undertaken in Hong Kong.





Figure 1: Shop Front, Back Factory

- **Joint public transportation with Hong Kong:** Not only FDI flows freely and in large amounts to Shenzhen, but also the exchange of the respective work force is managed in a smooth way. Hong Kong and Shenzhen are connected with joint public transportation, making it easy and convenient to cross the border.
- **Commuting special pass:** Workers, living in Shenzhen and Hong Kong with their workplace in the respective other city, have a special pass which allows them to pass the border in very simple fashion. With the help of a digital system which recognises the finger print of the passing person and consequently allows them to cross the border, the transition process is organised very smoothly.
- **Cheap production facilities:** According to Prof. Yuan, Shenzhen offered production facilities at very competitive prices to investors.
- **Location near transportation hubs:** The special economic zone Shenzhen benefits enormously from its adjacency to a port and airport. Business logistics can be planned easily and carried out at low cost.

#### Challenges for setting up CBEZ

- **Issues of sovereignty:** The free flow of production factors – the key characteristic of a CBEZ – is associated with mutual transfer of sovereignty. Management of people and goods crossing the border, as well as customs and inspection require joint efforts which are sensitive and sometimes difficult to achieve. High mutual political trust is thus indispensable.
- **Complexity of set-up:** Establishing a CBEZ involves complex problems and challenges with regards to customs supervision, industrial planning, standard conformance as well as administrative and judicial management. As most cases are unique, challenges need to be solved via a “trial and error” approach, because no general solution exists. Many local and national authorities lack the capacity and resources to conduct such processes.

- **Transfer of legislative right:** Participants identified difficulties in the transfer of legislative power from central to local governments. In order to find more suitable solutions at the border, rights need to be given to local authorities, a process which turns out to be difficult in many states.
- **Differing preconditions:** Participants mentioned differing preconditions in many areas as major obstacle for cooperation through CBEZ. Said differing preconditions often make negotiations on the terms of the establishment of a CBEZ more complicated.
- **Differing demand:** Participants found uncertainty about demand a major challenge to the establishment of CBSEZ. As a consequence, negotiations about the production structure turn out to be more complex.

### Intermediate conclusions

- **Revival of SEZs:** CBSEZ and SEZ in general are highly relevant instruments to develop economies in certain areas and have returned to the centre of attention due to their success. In recent years, they have turned out to be of high importance, as the added-value created within the zones has increased relative to the past.
- **SEZ Shenzhen – a regional best practice:** Shenzhen can be considered a best practice case due to the shift from a planned towards a market-oriented economy, the early attempts to liberalise the capital market, and ongoing government support.
- **Usage of SEZ to test:** SEZ seem very useful for pilot projects. In various ways this can be seen in Shenzhen, testing ground for multiple reforms which were then implemented at the national level.

### 3.3.2 ASEAN Economic Community (AEC) and Beyond

Thanés Sucharikul, Assumption University of Thailand



#### Background

In 2003, the ASEAN member countries agreed to deepen economic integration with the formation of the AEC which aims to create a single market and production base driven by a free flow of goods, services, foreign direct investment, skilled labour, and a freer flow of capital. In 2009, the ASEAN leaders issued the Roadmap for the ASEAN Community (2009–15), containing blueprints for the AEC, which they had adopted in 2007. The AEC Blueprint encompasses a strategic schedule which lays down very specific measures to achieve the AEC by 2015. Although the ASEAN community already shows impressive progress to meet the requirements of the AEC Blueprint, ASEAN's vision of creating a truly integrated economic community remains highly ambitious. Particularly, an inadequate institutional framework, political opposition, and economic divergence between member states stand in the way of an effective implementation of the AEC by the end of 2015.

## Points from the general discussion

In order to analyse progress, challenges, and prospects of the AEC, participants of the session “ASEAN Economic Community (AEC) and Beyond” discussed four guiding questions:

### (1) What is AEC?

The main question raised by participants was whether the AEC is a part and parcel organ of the ASEAN, or merely one of the objectives which ASEAN strives to achieve. Mr. Sucharikul pointed out that it can be seen in both ways. First, as a part of ASEAN, since the ASEAN Charter – which is the constituent ASEAN Instrument that turns ASEAN from a mere association into a full-fledged international organisation – has several provisions to that effect. Second, it can simply be regarded as the objectives which the ASEAN strives to achieve (see question 2 for detailed information).

### (2) What are the objectives of the AEC?

The AEC’s objectives are implied by the Declaration of ASEAN Concord II (Bali Concord II) (2003) as well as the ASEAN Charter (2007) and can be summarised as follows:

- Single market and production base
- Free flow of goods, services, and investment
- Free movement of business persons, professionals, talents, and labour
- Freer flow of capital
- Narrowing the development gap among member countries
- Increasing intra-ASEAN trade
- Reducing ASEAN competition in foreign markets
- Centrality and proactive role of ASEAN as the primary driving force in its relations and cooperation with its external partners

### (3) How can these objectives be achieved?

The main ASEAN instruments/provisions to concretize the aforementioned objectives comprise among others:

- **ATIGA (ASEAN Trade in Goods Agreement, 2008)**
  - Deals with trade in goods
  - Compilation of essences of various agreements dealing with trade in goods under the WTO (World Trade Organization) into a single ASEAN Instrument, especially the GATT (General Agreement on Tariffs and Trade)
  - Reference has to be made to the GATT in the case of silence or doubt; and in case of conflict, the GATT shall prevail
  - With respect to market access, it seems noteworthy that, according to ATIGA Article 19, there are as many as 8 Schedules for liberalisation (3 for elimination, 1 for elimination or reduction at the ASEAN Member States’ own accord, 3 for reductions, and 1 for exceptions for elimination or reduction)
  - With respect to non-discrimination, the striking difference from GATT is that under ATIGA the principle with respect to non discrimination is not unconditional in the sense

of the GATT. It is a unilateral MFN (most favoured nation approach) which is unique in the sense that it is neither conditional MFN, if reciprocity is the essence, nor unconditional MFN, if automaticity is the rule.

- The unilateral MFN can be seen in ATIGA Article 5 which provides that *“With respect to import duties, after this Agreement enters into force, if a Member State enters into any agreement with a non-Member State where commitments are more favourable than that accorded under this Agreement, the other Member States have the right to request for negotiations with that Member State to request for the incorporation herein of treatment no less favourable than that provided under the aforesaid agreement. The decision to extend such tariff preference will be on a unilateral basis. The extension of such tariff preference shall be accorded to all Member States.”*
- **AFAS (ASEAN Framework Agreement on Trade in Services, 1995 as amended in 2003)**
  - Applicable to trade in services
  - Market access and national treatment depend on negotiations
  - Differences in terms of the level of economic development are recognised and thus different time frames for liberalisation are allowed. The rule of ASEAN minus X is applicable whereby ready ASEAN Member States may agree to liberalise and accord special benefits among themselves without having to wait for non-ready ASEAN Member States
  - However, as far as non-discrimination is concerned, the benefits that the ready ASEAN Member States accorded among themselves shall not be automatically extended to the non ready ASEAN Member States in the sense of unconditional MFN under the GATS (WTO General Agreement on Trade in Services); the extension, if any, shall be done on a voluntary basis on the part of the ready ASEAN Member States
  - This non discriminatory provision can be seen in AFAS Article IV which provides that *“Notwithstanding the provisions of Article IV (unconditional MFN) of this Framework Agreement, two or more Member States may conduct negotiations and agree to liberalize trade in services for specific sectors or sub-sectors. Any extension of such preferential treatment to the remaining Member States on an MFN basis shall be voluntary on the part of the participating Member States.”*
  - This voluntary MFN, in a similar vein as the ‘unilateral MFN’ under the ATIGA Article 5 previously referred to, is unique in the sense that it is neither conditional MFN, if reciprocity is the essence, nor unconditional MFN, if automaticity is the rule.
- **ACIA (ASEAN Comprehensive Investment Agreement, 2009)**
  - Covers investments
  - International standards plus additional measures. An example can be seen in the provisions with respect to expropriation
  - No expropriation except for public purpose
  - In addition to that, there shall be “just compensation” which is: prompt, adequate and effective
  - Expropriation shall include “measures equivalent to expropriation or nationalisation”

#### (4) What are the challenges?

In light of the information provided in questions (1) to (3), the fourth question was passed on by Mr. Sucharikul in order to generate discussion and analysis among participants.

- **Inefficient legal and institutional framework:** AEC aims to increase intra-ASEAN trade and to reduce the economic gaps among ASEAN Member States. However, the legal and institutional framework is not yet optimised. For instance, Article 5 of ATIGA allows an ASEAN member state to accord special treatment to states outside the association without having to accord the same treatment to other ASEAN member states. Moreover, Article IV of the AFAS allows ASEAN member states which are willing to liberalise trade in services between themselves to apply a different treatment of other ASEAN member states which are not prepared yet. If that is the case, how can ASEAN achieve the AEC goals by 2015? Should ASEAN employ the principle of unconditional MFN as done in the WTO?
- **Regulations and frameworks are not harmonised yet:** ASEAN has a clear target for liberalising trade in goods by fixed timeframes while at the same time it has as many as 8 Schedules for the liberalisation (3 for elimination, 2 for elimination/reduction by ASEAN member states' own accord, 2 for reduction, and 1 for exception to reduction/elimination).
- **Conflicting deadlines and targets:** ASEAN is determined to achieve the AEC by providing clear target dates for trade in goods liberalisation, but at the same time it has a very flexible provision of safeguard measures. For instance, ATIGA Article 23: 1 which provides, in essence, that in case a member state faces unforeseen difficulties in implementing its tariff commitments, this member state may temporarily modify or suspend a concession contained in its schedules under Article 19 (reduction or elimination of customs duties). Such a safeguard measure can be an incentive or an impediment to achieve the AEC.
- **FTAs vs. economic integration:** While ASEAN member states are members of the WTO and ASEAN, they also participate in several FTAs, some of which have more depth and breadth in trade liberalisation than in the hitherto Common Effective Preferential Tariff (CEPT) and AFTA (ASEAN Free Trade Area). These FTAs may supplement or hinder the achievement of the AEC. The opinions on this question differed widely and participants discussed several scenarios. For instance, one participant expressed that FTAs with outside states should continue despite the risk of overlapping and conflicting obligations resulting from the 'spaghetti bowl' phenomenon because the agendas in the WTO or in the ASEAN are sometimes too broad and do not take into account specific subjects, needs, and interests of less affluent members. Another participant argued that an FTA with non-member state should be done by means of ASEAN as a group vis-à-vis the outside state, otherwise it is inevitable that there will be overlapping/conflicting rights and obligations which result in discrimination among the ASEAN member states.

### 3.3.3 WTO in Asia

Meinhard Hilf, Bucerius Law School Hamburg



#### Background

The session on “WTO in Asia” was opened by a reference to the guiding principles of WTO law regarding cross-border cooperation between WTO members. The most important principle of non-discrimination or the MFN-clause is laid down in Art. 1 al. 1 GATT 1947. This Agreement allows certain preferences and exceptions in the case of the formation of customs union or free trade areas. The relevant article relating to the trade of goods is Art. XXIV al. 5 (a) and al. (8) (i) GATT. A similar rule has been agreed on for trade in services, Art. V GATT. The discussion confirmed that all Southeast Asian countries were involved in cooperation leading to different forms of integration, sometimes coined “Asian Regionalism”. However, this process has not weakened the incomplete multilateral rule-based system. At the same time, resources for negotiation have to be divided between bilateral, regional and multilateral processes and institutions.

It is not surprising that eventually WTO members were unable to stop the trend of creating different rules on the bilateral, regional and multilateral level. Against this background, a rather chaotic network of trade rules and regulations has emerged which in some cases is perceived as a threat to the global trading system. Nevertheless, participants confirmed that from a long-term perspective growing and dynamic trade at the bilateral or regional level would also benefit the overall multilateral trading system. Nevertheless, certain trade-diverting effects cannot be ignored at the same time and will certainly have their repercussions in the trade statistics of all WTO members. Some of the participants underlined that only the modern concept of “open regionalism” would be in accordance with WTO law. This parallels the general view on Asian regionalism.

The second main issue of the discussion related to the ATF that had been drafted for the 9<sup>th</sup> WTO Ministerial Conference in Bali. It relates to all types of foreign trade operations, be it on the bilateral, the regional or on the multilateral level. Participants highlighted the particular interest and often also the institutional involvement of the private sector in supporting but also observing the international law-making activities. This involvement seems to be most important for the legitimacy of the future law-making processes and above all for the effective implementation of any new customs procedures. Thus, participants highlighted diverse elements of the ATF which might have its trade-creating effects not all at once but certainly over a certain time when new procedures are applied more frequently.









### 3.4 Talkshow: Beyond Investment – Engaging the Private Sector in Trade Facilitation

Moderator: Peter L. Fedon, Solutions Across Boundaries Consultancy

#### Background

The private sector plays an important role in the development of effective trade facilitation strategies and their implementation beyond investment alone. Public-private partnerships (PPPs) in trade facilitation contribute to identify the needs of government and traders, improving transparency and information flows as well as promoting viable and sustainable trade facilitation solutions. Current success stories prove that focus should be placed on an integrated strategy that does not assume a "one-size-fits-all" approach.

Against this backdrop, participants discussed a variety of existing trade facilitation platforms which are based on PPP, shared their experiences, and debated challenges that need to be tackled in the area of trade facilitation.

#### Points from the general discussion

The discussion started with an analysis of public-private collaborations, which are often under-utilised, because the private sector is not involved in trade facilitation projects from the very beginning. Instead, the public sector takes the lead and ignores the importance of non-state actors. However, the Mongolian experience differed, as Ms. Dandii from the Mongolian National Chamber of Commerce and Industry (MNCCI) illustrated. In a first step, the MNCCI organised workshops to inform the private sector and conducted a survey based on interviews. In a second step pilot projects were started in cooperation with UNESCAP and GIZ with the MNCCI as implementing body for the private sector. Since the private sector in Asia is often closely linked to the public sector, the Mongolian example could serve as a best practice approach for the region.

Beside private sector involvement, the panellists also discussed the role of consumers and other non-state actors in the field of trade facilitation. While global supply chains are created by businesses in order to ensure efficient production, transport, and trade of goods, several government activities are needed to ensure tax collection, adherence to health, safety, and security

directives as well as conformance with standards. These regulations benefit government infrastructure and consumer protection. However, they also increase costs of goods and thus consumer prices, decrease business profits, and sometimes even undermine further investments from the private sector. Hence, collaboration and dialogue among both non state and public stakeholders, enables the identification of barriers to trade and the formulation of strategies to remove and overcome them. All panellists agreed that it is crucial to inform consumers about trade facilitation measures and their impact on prices and consumer protection.

In summary, it was agreed that coordination among all involved stakeholders in the trade and transport sector is essential to implement successful trade facilitation measures. Functioning coordination mechanisms include government regulators, traders, private sector trade intermediaries, and consumers. Donor agencies can support trade facilitation measures by providing advice, financial support, and strengthening exchange and dialogue.

## DAY II



### 3.5 Warm up Session: Implementation of Single Electronic Window

Andrey Kuznetsov, Simourg LLC

Hulan Lhagvasuren, GIZ Mongolia



#### Background

The main task of this warm-up session on implementation of the Single Electronic Window (SEW) was to provide an overview of SEW and the basic components of its implementation in the national context. The remarks were aimed at a wider audience and for the practitioners before the field visit to the Royal Thai Customs SEW unit.

#### Big things are best noticed from a distance

Currently there are many Single Window (SW) related projects in the world where implementation processes are already running for many years. To avoid being misled a review of processes is presented in order to refresh the whole picture and to distinguish means from the goals. The main purpose of implementing a SW is economic growth resulting from an increased volume of international trade activities. The ways to achieve these goals are the simplification of processes necessary for international trade, automation of these processes, and improving both the transparency and predictability of the state, e.g. improvement of business environment. Implementing a Single Electronic Window System is the mean by which this process is happening.

<b>Goal</b>	Economic Growth through increased international trade
<b>Methods</b>	Simplification, Automation, Improvement
<b>Mean:</b>	Single Electronic Window

#### Regulation of international trade

Almost everything that is done in terms of developing and implementing a national SW system is about the simplification of trade operations with regard to barriers of cross-border procedures and regulations. Imagining the international system without borders and the respective regulations we would find ourselves in a situation, where a SW system may no longer be needed.

But would that be feasible? We are now facing a situation where we first introduce regulation and then fight its results. Why do we do this?

The main reason is in ensuring the balance between liberalisation of external trade on the one hand, and protection of the domestic market on the other. Furthermore, regulation of cross-border transactions is a mean to maintain the internal security of the state and safeguarding the population from various threats.

There are two sorts of means to regulate trade: the first are monetary in nature and include excise duties and taxes, while the other ones are non-monetary, including the system of permits, licenses, quotations and limits. Regulation is necessary, but it should be properly set up and managed in order to get the maximum effect from the both protection and the liberalisation branches. The effect of the regulation should be constantly monitored, and regulative policies should be promptly adjusted as soon as any inconsistency or negative effect is discovered.

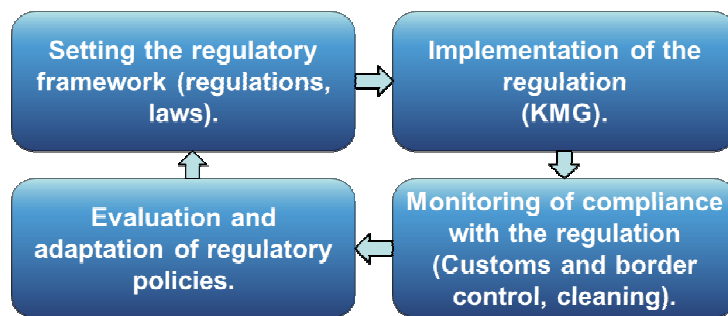


Figure 2: Regulation Loop

This shows the necessity of trade borders and protectionism from one side, and liberalisation from another one.

### **E-government infrastructure and Business Process model for international Trade**

#### **Operation**

The e-Government concept and business process oriented state model are introduced as a background for the SEW. The main idea to demonstrate is the role of the SEW among the other trade facilitation initiatives, existing dependencies and mistakes commonly made when defining the SEW projects in various countries. An example is substituting SW systems with semi- or fully automated one-stop shops for example.

The proper SEW in fact does not provide any specific service itself; instead, it helps to aggregate and facilitate services provided by other state (and commercial) entities, packaging them in a form suitable for particular customers.

Figure 3 demonstrates the place of the SEW systems among other e-Government components. In terms of international trade regulation, there are primary service providers – entities, which set up the regulation regime and then maintain its operation (e.g. Ministry of Economic Development, national Customs, Ministry of Agriculture and so on). As the agencies fulfil their tasks,

traders are often confronted with various inconveniences and even additional expenses. Re-arrangement of business processes and proper automation let us ensure efficient interoperability of the agencies and remove unneeded involvement of the trader in inter-agency relations.

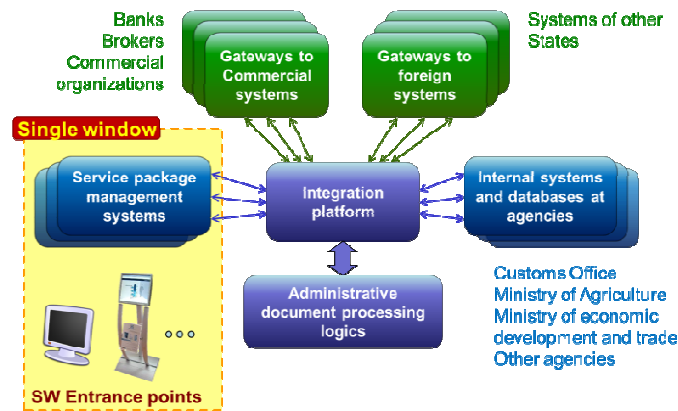


Figure 3: E-Government Components

As soon as this is done, we can start making packages of the services provided by various agencies, making it possible to serve our customers-traders in one single place, thus realising the SW system. A proper SW system should involve (and hide from the trader) all internal service providers. Figure 4 shows an example of interaction between the trader and the internal system components. As we see, the trader interacts with SEW system that hides the complexity of internal processes; in some cases trader may never contact any agency at all.

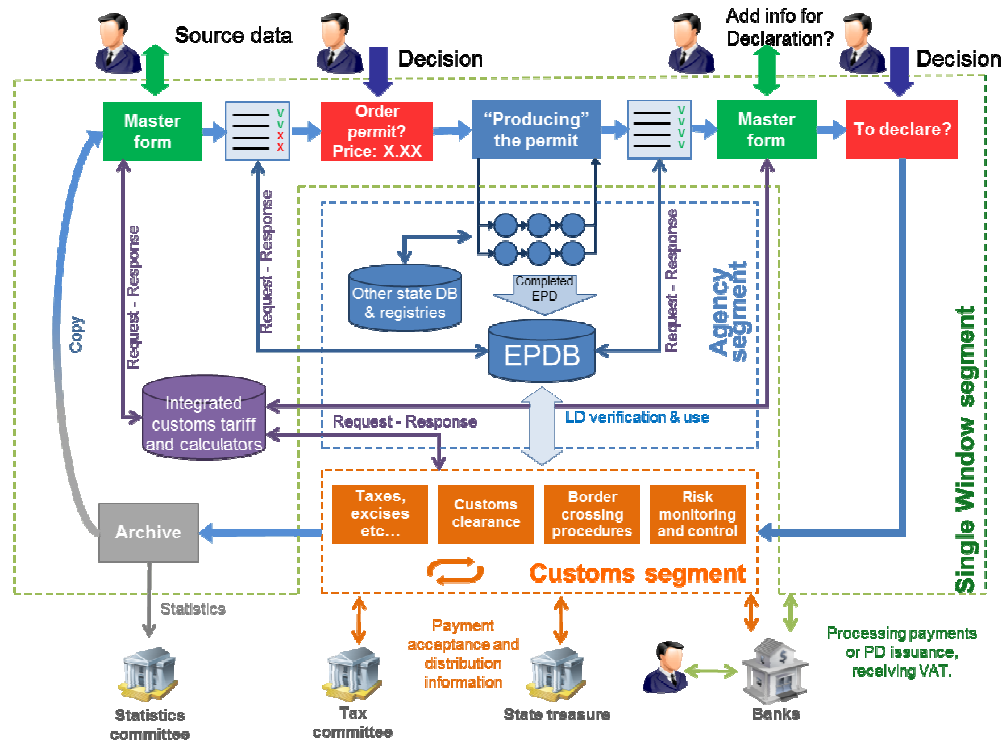


Figure 4: Internal Service Providers





## Discussion

In the discussion of the session three main questions have been discussed with the participants: “What is single window?”, “What does SEW provide?” and “What are the main risks of SEW”. The main goal was to examine perception and reality of SW implementation and to further discuss possible solutions for problems at hand.

“What is single window?”	“What does provide SEW?”	“What are the main risks of SEW”
<ul style="list-style-type: none"> <li>• Easing trade related business</li> <li>• Trade facilitation</li> <li>• Streamlining procedures</li> <li>• Reduction of costs</li> <li>• Automated system</li> <li>• Solving interagency problems</li> <li>• Less physical contacts</li> <li>• Reduction of papers</li> <li>• Increasing transparency</li> <li>• Simplification of customs clearance</li> <li>• Licensing processes</li> <li>• A channel for receiving and sending information</li> </ul>	<ul style="list-style-type: none"> <li>• Easing traders life</li> <li>• Facilitating PPP</li> <li>• Increase employment in private sector</li> <li>• Streamlining trade procedures and protocols</li> <li>• Enabling paperless trade</li> <li>• Reducing transaction costs of international trade</li> <li>• Data monitoring</li> <li>• Simplify customs procedures</li> <li>• Facilitate import/export procedures</li> <li>• Improve transparency</li> <li>• Increased FDI</li> <li>• Increased trust</li> <li>• Increased business competition</li> <li>• Increase government revenue</li> <li>• Reduced corruption</li> <li>• Integrating government services</li> <li>• Enabling faster compilation of external trade statistics</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of ownership</li> <li>• Shortage in financial resources</li> <li>• Need for improvement of legislation</li> <li>• Financial sustainability</li> <li>• Increased costs for updating IT system</li> <li>• Cybercrime and data security</li> <li>• Lack of human resources</li> <li>• Conflicts of stakeholders interest</li> <li>• Reduction of flexibility of use IT systems</li> <li>• Too much of reliance and dependence on computerization</li> <li>• Creation of another trade barrier</li> </ul>

“What does SEW provide?”: the vision of its impact lays on traders’ lives and the state economy. Since the significant share of the auditory are from the public sector, it proved useful to capture their view. Most interestingly, one of the inferences drawn from the discussion is a need to further differentiate between the definition of an SW and what an SW can provide. While function-

ality is widely understood, the structure is not yet fully clear. Another inference is drawn from the focus of the discussion. While most public practitioners seem to focus on the local operational challenges, the viewpoint of the private sector, e.g. importing and exporting industries are not taken into consideration. Even though the actual revenue is generated from private business operations. Thus we may face the situation when means substitute the goals.

*“What are the main risks of SEW”*: what may affect the trade or the state security if SEWs will replace the existing model of cross-border interaction. The discussion then focused on risk-identification and reduction if not elimination. Valuable contributions stemmed from the participants referring to ongoing SEW implementation practices in their home-countries. The shortage of financial resources, the lack of qualified staff and data security issues are among the most common aspects. At the same time, private sector actors usually fear that the SW will turn into another barrier, including possible entrapments prone to ease corruption.

The often mentioned risk of financial sustainability highlights a common misunderstanding of the SW system: the view of the system as a business, which in itself has to be profitable by the collected revenues. In fact the increase of revenues generated for the state budgeted by the SW system has proven to be significantly higher than the expenses to finance the SEW unit in the first place. This highlights the importance of SEW implementation for policy makers and legislators in the context of economic development.

Another problem that requires special attention is the conflict of stakeholders’ interests. Who owns, operates and defines rules for SEW operation in the multi-agency environment is unclear and may lead to the conflicts between state agencies, which will always prove disadvantageous for the private sector.

### **Recommendations and further Topics of Interest**

Based on the experience of the session there seems to be at least three challenges for professionals concerned with the implementation of SW systems that should be further addressed. First, the service-oriented state model to tackle basic challenges in terms of perception of state agencies and the policy formulation. Second introduction of electronic government principles and especially the relation on position of SEW within e-government structure. And third, enhancement of capacities in business process management (BPM) in order to align government agency services with the needs of the private sector.



### 3.6 Synthesis Workshop: Hot Potatoes and Key Take Aways



#### Background

The objective of the synthesis session was to harvest insights which participants derived from the prior deliberations and to put them into the individual perspective of each subregional initiative. This demand-driven approach resulted in the identification of concrete areas for future peer-to-peer learning measures which will spark collaboration among the represented initiatives beyond the annually held expert forum. For the synthesis session participants were divided into two groups, one GMS/PBG group and one CAREC/GTI group. This way, participants were enabled to discuss the most pressing issues (hot potatoes) in the field of cross-border cooperation and trade facilitation within their respective region.

#### GMS/PBG Working Group



For the GMS/PBG group, implementation of SEZs, free movement of labour, SEWs, and capacity building turned out to be the “hot potatoes”. Beyond identifying the most vital issues, the group members shared their major learning experiences (key take aways) with their peers. Participants from the GMS/PBG group came to a joint understanding that deepened dialogue among subregional initiatives generated

important learning effects in the areas of PPP in trade facilitation, AEC, and SEW implementation.

#### CAREC/GTI Working Group



The CAREC/GTI group described SEW, harmonisation of legislation and regional energy cooperation as the most pressing issues for their initiatives. These “hot potatoes” were supplemented by learning progress (key take aways) in terms of mechanisms to improve coordination between subregional initiatives and to harmonise regional policies with national level.

### 3.7 Visit of Bangkok Port



After the introductory morning session on the concept of SEW, workshop participants and the organisers conducted a field trip to the port of Bangkok and the Thai National Single Window (NSW) Unit. The group was warmly welcomed by the Thai Customs Department on site and was shown a video with an overview of the structure, organisation, and facilities of the Bangkok Port Customs Bureau.

Afterwards the Thai Customs Electronic Systems (TCES), which is a web-based cloud technology that encompasses the National Single Window (NSW) and one stop service, were introduced. It acts as a platform for paperless trade, risk management, and digital signature services. The Thai NSW is organised alongside the ASEAN Single Window (ASW) model. It is an electronic system that enables secured, safe, and efficient electronic exchange of trade-related documents and certificates through a single point of entry in order to fulfil all import, export and transit-related regulatory requirements and to expedite the smooth flow of information. In addition, it stands for a single submission of data and information, synchronous processing of data and information, decision-making for standardised as well as integrated environment of customs release and cargo clearance (*Thai Customs, 2014*).

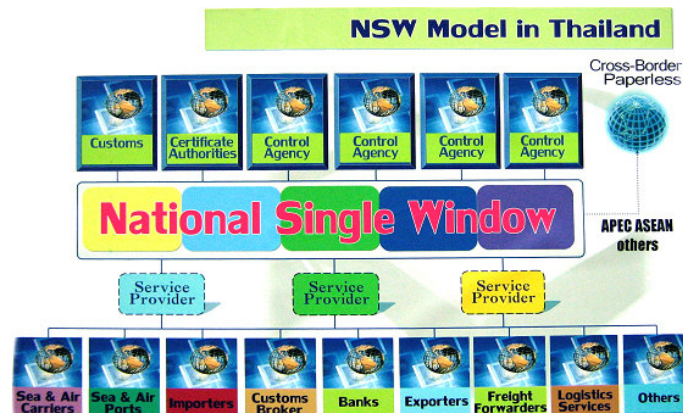


Figure 5: Thai National Single Window (Source: <http://www.customs.go.th>)



Participants showed great interest in the Thai NSW model, asked many questions, and made extensive use of the expert knowledge provided by the Thai Customs Department. The following interactions give a brief overview about the most pressing issues and topics of interest.

### **Q & A Session**

*Mongolia:* Where did the budget come from to set up the SW system?

*Thai Customs:* There was a special budget allocated for setting up the SW system, based on the idea that the establishment will bring with it an increase in state revenue.

*Cambodia:* Which agency is the lead agency for SW system?

*Thai Customs:* The Royal Customs Department has the leading role.

*Kyrgyzstan:* How are fees etc. collected?

*Thai Customs:* The fees are collected electronically.

*Philippines:* How are quarantine issues handled with SEW?

*Thai Customs:* Quarantines are handled through a license number, the SEW unit just receives the information from the respective agency

### **References**

For further detailed information, please refer to [www.customs.go.th](http://www.customs.go.th) and [www.thainsw.net](http://www.thainsw.net). Recommended reading:

*UNNExT (2012):* "Developing a National Single Window for Import, Export and Logistics in Thailand", Brief No. 08, August 2012, [unnex.unescap.org/pub/brief8.pdf](http://unnex.unescap.org/pub/brief8.pdf).

## GIZ “Regional Economic Cooperation and Integration in Asia (RCI)”-Programme

### Background

Regional economic cooperation and integration are consensually seen as key to Asia’s future development, whose architecture is built largely on subregional initiatives with so far only few, lean regional institutions. Subregional economic cooperation initiatives aim at promoting cooperation in specific areas, like trade and transport, investment, tourism, energy or environment. Given the development gaps in the region, it is even more important to make regional cooperation inclusive and to ensure that the smaller countries can access benefit from regional actions.

### Our Approach

The RCI Programme supports regional and national stakeholders in the context of subregional cooperation initiatives by providing capacity building, organising trainings and dialogue events, and conducting sector studies.

Fact Box RCI	
<b>Project name</b>	Regional Economic Cooperation and Integration (RCI) in Asia
<b>Commissioned by</b>	German Federal Ministry for Economic Cooperation and Development (BMZ)
<b>Key subjects</b>	Trade and investment facilitation, port cooperation, local cross-border economic cooperation and social implications of economic integration
<b>Duration</b>	2011 – 2015

The cooperation encompasses the focus areas of the Regional Cooperation and Integration in Pan Beibu Gulf (PBG) and the Regional Cooperation and Integration within Greater Tumen Initiative (GTI). In addition, RCI best practices are transferred among the named Asian regional initiatives as well as Central Asia Regional Economic Cooperation (CAREC) and Greater Mekong Subregion (GMS). The RCI initiative fosters the development of regional and local production networks and helps to overcome the limitations of domestic markets. Therefore, projects promoted by RCI have the potential to significantly contribute to inclusive development by boosting regional economic growth through trade facilitation. By these means, also resources for pro-poor policies can be generated in order to boost weaker economies.

### Focus Areas

- Addressing functional aspects of regional cooperation and integration within PBG by organising studies and capacity building activities.
- Contributing to the implementation of concrete projects in the GTI priority areas of trade, multi-destination tourism, and local cross-border cooperation.
- Promoting peer-to-peer learning and exchange of good practices among regional initiatives, leading to pilot replication of lessons learnt.



## RCI Team



**Lisa Brueckner**, Programme Manager at GIZ in Beijing, holds an interdisciplinary degree in area studies China and international economic law. She has worked in the field of economic policy advice for more than 3 years, focusing on trade and cross-border economic cooperation. In her current position she is responsible for the overall implementation of RCI Programme measures. She also coordinates activities of the Economic Policy Forum, an emerging economies think tank alliance supported by GIZ, in China and maintains working relations with Chinese members of the network. Prior to joining GIZ, Lisa was in charge of liaison management at the German Pavilion during the 2010 World Exposition in Shanghai.



**Magnus C. M. Brod**, an economic sociologist by training, works as Programme Manager at GIZ. He studied in Marburg, Hamburg and London with a focus on regional trade, statistics and social change. Currently based in Beijing, China he is responsible for trade facilitation in Northeast Asia (Mongolia, Korea, Japan, and China) as well as maritime economy in Southeast Asia. Before joining GIZ, Magnus has worked with the German Institute of Global and Area Studies (GIGA) in Hamburg. His professional focus is regional trade networks and trade facilitation. Additional responsibilities revolve around the use of modern media and communications in the context of economic development.



**Stefan Hein** has a background in Finance, Economics and Political Science. For the past 12 months, he has worked as consultant for RCI in Beijing and will soon join RCI as Programme Manager. Stefan will be responsible for trade facilitation measures within the framework of the ASEAN-China Free Trade Agreement (ACFTA) and social implications of economic integration in Southeast Asia. His professional focus is on trade finance and labour migration management. Prior to joining GIZ, Stefan has worked 3.5 years at the Landesbank Baden-Wuerttemberg (LBBW) in Stuttgart.



**Torben Niemeier**, a political scientist, currently based in Beijing, working for the RCI Programme as consultant. He studied in Mannheim as well as Paris with a focus on international relations, international political economy and macroeconomics. Prior to joining the RCI Team, he gained first working experience with GIZ in the sector project "Sustainable Economic Development" in GIZ headquarters, Eschborn, Germany. For the RCI Programme, he mainly contributes in the areas of trade facilitation and maritime economy in Southeast Asia.

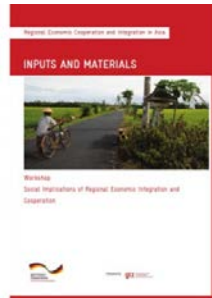
## Other Publications by RCI

The GIZ RCI Programme publishes regular updates on its activities to offer insights and disseminate regional knowledge on integration processes in Asia. To download please refer to <http://www.scribd.com/Rci-Asia> or <http://www.slideshare.net/RCI-Asia>

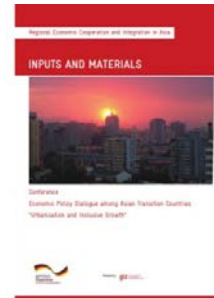
### Inputs and Materials



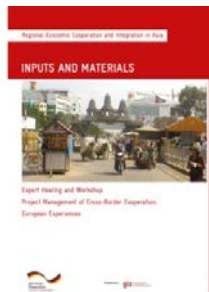
Cross-Border Cooperation and Trade Facilitation in Asia



Social Implications of Economic Integration



Economy Policy Dialogue among Asian Transition Countries



Project Management of Cross-Border Cooperation: European Experiences



Managing Cross-Border Labour Migration on a Regional Scale



Potentials for Port Cooperation in the Pan-Beibu Gulf Region

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