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Q1: Respondent details

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Q2: Country or Customs territory

- MULTILATERAL OR REGIONAL DEVELOPMENT BANK

Q3: Organization

Other (please specify) Regional Development Bank

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Q4: Title of case story

Trade Facilitation in South Asia

Q5: Case story focus

Trade Facilitation.

Q6: Case story abstract

At the meetings of the South Asian Subregional Economic Cooperation (SASEC) trade facilitation and transport working group (TFTWG) in 2010–2012, the governments of SASEC countries (Bangladesh, Bhutan, India, and Nepal) requested continued support from the Asian Development Bank (ADB) on SASEC trade facilitation. ADB approved in November 2012 SASEC Trade Facilitation Program loans and grants to Bangladesh, Bhutan, and Nepal to help develop modern customs administrations, streamline regulations and procedures, and provide improved services and information to traders. In addition, at the SASEC TFTWG meeting held in Thimphu, Bhutan, in November 2012, SASEC country delegations (i) agreed to expand assistance to trade facilitation further through additional TA to ensure full support for ongoing initiatives and (ii) requested ADB to explore the possibility of providing TA to respond to the specific trade facilitation needs of SASEC countries.

<https://www.adb.org/sites/default/files/project-document/78242/47016-001-reg-tar.pdf>

Q7: Who provided funding?

Other (please specify)
Japan Fund for Poverty Reduction

Q8: Project/Programme type

Regional

Q9: Your text case story

South Asia is among the least economically integrated regions in the world. In 2011, only 5% of South Asia's trade is intraregional, compared with over 26% in Southeast Asia and 54% in East Asia. Despite progress made since 2005 in facilitating inland and cross-border trade—shortening the time it takes on average for exports to clear customs from 35 days in 2007 to less than 33 days in 2011—trade impediments remain. They include the (i) large number of documents required for border clearance, (ii) lack of streamlined customs and other border procedures, and (iii) lack of efficient and modern customs facilities. Consequently, border crossings in South Asia are among the most congested in the world. It takes 32.4 days to export from South Asia, compared with 23.1 days from East Asia and the Pacific.

SASEC customs cooperation has been subsumed under a broader committee—the TFTWG—and has been addressing general aspects of trade facilitation. One result, however, has been a lack of focus on regional policy coordination on specific customs matters such as customs management and administration procedures. Many impediments remain, such as (i) processes across countries that are not harmonized, (ii) excessive inspection at borders, (iii) multiple transshipments due to limited or lacking transit rights, and (iv) uncertain and expensive cargo clearance.

Weak capacity to comply with international best practices. Trade facilitation measures are numerous. They have become increasingly more complex and technical as computers and information and communication technology (ICT) have proliferated in customs reform and modernization, signaling a permanent shift in global customs management. In this context, the introduction of international customs best practices is relatively new in South Asia. Awareness and appreciation of such practices are in their infancy. The situation is compounded by a shortage of skills necessary to modernize customs procedures.

Different degrees of customs automation. Most South Asian countries have automated customs systems, but they are limited to different degrees. As countries prepare to comply with international standards and to implement ICT solutions, they can proceed at different speeds and in different sequence, adopt different platforms and standards, and vary in the extent of sector coverage. While trade flow can improve within borders, regional trade can be facilitated optimally only if national customs administration systems are able to communicate efficiently. Other important issues pertain to legal jurisdiction, national and regional policy sequencing, and different kinds of ICT infrastructure and degrees of preparedness to automate customs.

The impact of the TA will be more efficient, transparent, secure, and service-oriented processing of cross-border trade in South Asia. Progress will be indicated by (i) shorter average times required for export and import and (ii) the percentage of shipments “green channeled,” or not physically inspected in Bangladesh, Bhutan, and Nepal. The outcome will be modern and effective customs administration and management in participating countries.

The TA will assist in conducting subregional workshops and seminars at which South Asian countries can exchange experiences and share information on international good practices in implementing priority customs reform measures in line with the revised Kyoto Convention, the so-called SAFE framework of standards to secure and facilitate global trade, and the application of ICT in customs. ADB will forge a partnership with the World Customs Organization (WCO) Asia Pacific Regional Office for Capacity Building and with the Customs and Tariff Bureau of Japan's Ministry of Finance toward organizing and conducting these workshops and seminars.

Interface framework for customs administration systems in SASEC countries. As a pilot initiative of customs cooperation, the TA will help develop an interface framework for customs administration systems between and among SASEC countries. The four SASEC countries are investing in automated customs management and administration systems to promote streamlined and transparent trade processes and procedures. They have, to varying degrees, expressed interest in establishing national single windows. As a first step, the TA will support studies and consultations to (i) identify the benefits of promoting the interface of customs administration systems and inform the countries about them; (ii) determine the associated issues and challenges to be addressed; and (iii) formulate a strategy and road map for a feasible process of creating a better customs administration interface, which will be tackled as part of the SASEC customs subgroup agenda. International customs administration specialists will be engaged to help develop this framework. The Customs and Tariff Bureau of Japan and the WCO Asia Pacific Regional Office for Capacity Building will be consulted in the preparation of the framework.

The TA will be implemented over 24 months from August 2013 to July 2015. The ADB South Asia Department (SARD) will be the executing agency. ADB will work with the WCO in implementing the TA. Building on a training needs assessment workshop held on 28 March 2013 in Bangkok, tentative training programs have also been identified for 2013 on authorized economic operators, a WCO compendium on a national single window for South Asian countries, valuation, and time release studies.

Q10: Lessons learnt

Status of Implementation:

Organized the SASEC customs subgroup wherein customs officials from the SASEC countries met and discussed their workplan and planned activities, including priority subregional capacity building initiatives.

Subregional workshops on good practices on customs modernization were held for officials of SASEC countries.

Agreement reached among SASEC countries to carry out a feasibility study of electronic exchange of trade related information. A regional workshop to discuss the findings of the study will be held on 7-8 April 2016 in New Delhi, India.

ADB-UN ESCAP Workshop to Finalize Feasibility Study on Pilot Implementation of ESCAP Secure Cross-border Transport Model along India-Bhutan Transit Corridor will be held on 10-12 December 2014 in Hua Hin, Thailand.

The RETA funded the finalization of the Motor Vehicle Agreement (MVA) of Bangladesh, Bhutan, India, and Nepal. This is in line with the transport facilitation pillar of the SASEC Trade Facilitation Strategic Framework. Protocols on the Movement of Cargo and Passenger Vehicles are now being negotiated.
