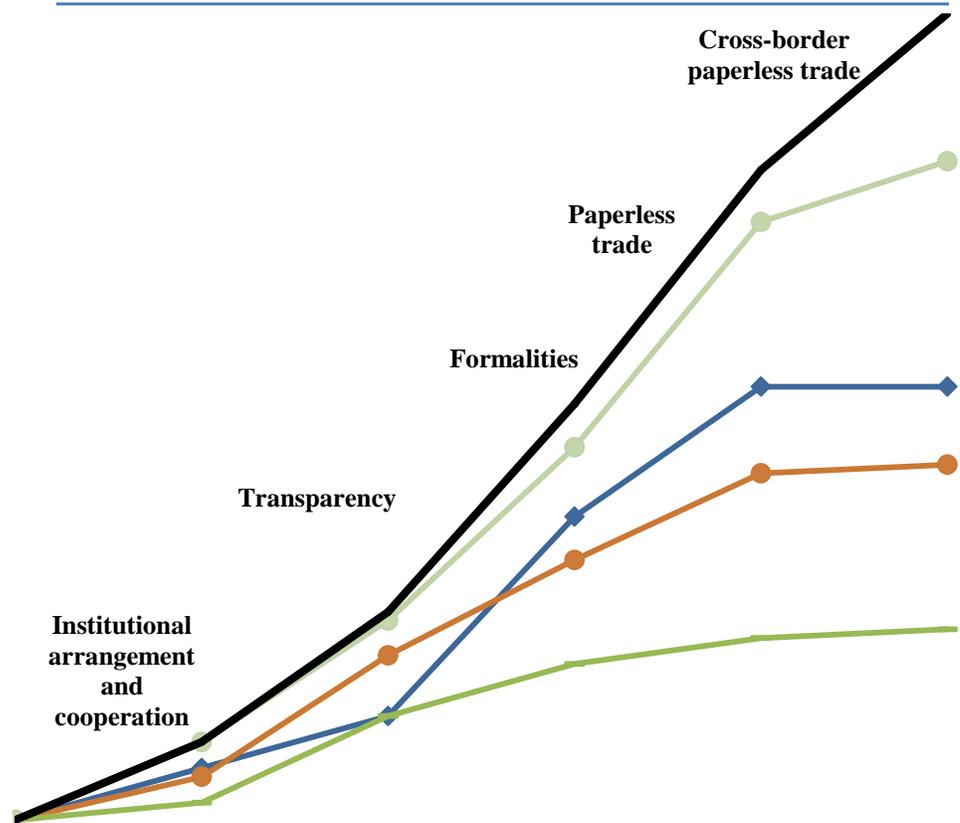

Joint United Nations Regional Commissions
**Trade Facilitation and
Paperless Trade
Implementation Survey 2015**

Middle East and North Africa Report



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Preface

In September 2014, the United Nations Regional Commissions (UNRCs) including ECA, ECE, ECLAC, ESCAP and ESCWA, initiated a global survey to collect data and information on trade facilitation and paperless trade implementation from their respective member states. Conducted in collaboration with UNCTAD, OECD, ITC, OCO and SELA, the results of the survey are expected to enable countries and their development partners to better understand and monitor progress in trade facilitation, support evidence-based policy-making, identify good practices and identify capacity building and technical assistance needs.

The global survey represents a key initiative under the framework of the Joint UNRC Approach to Trade Facilitation, which was agreed upon by the Executive Secretaries of the five UNRCs in Beirut (January 2010) to enable the UNRCs to present a joint (global) view on key trade facilitation issues. The questionnaire for the global survey was jointly prepared and finalized by UNRCs and OECD to ensure data could be shared and compared.

This regional report is part of this global survey effort. It is prepared by Adel Alghaberi, First Economic Affairs Officer, Infrastructure & Trade Logistic, Regional Integration Section, Economic Development & Globalization Division, ESCWA, with significant research assistance from Dima Kharboutli and in collaboration with Trade Facilitation Unit, Trade and Investment Division, ESCAP.

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Abbreviations

ADB.....	Asian Development Bank
AEO.....	Authorized economic operator
APoA.....	Almaty Programme of Action
ASEAN.....	Association of Southeast Asian Nations
ASYCUDA.....	Automated System for Customs Data
ECA.....	United Nations Economic Commission for Africa
ECE.....	United Nations Economic Commission for Europe
ECLAC.....	United Nations Economic Commission for Latin America and the Caribbean
ENEA.....	East and North-East Asia
ESCAP.....	United Nations Economic and Social Commission for Asia and the Pacific
ESCWA.....	United Nations Economic and Social Commission for Western Asia
EU.....	European Union
GATT.....	General Agreement on Tariffs and Trade
GCC.....	Gulf Cooperation Council
ICT.....	Information and communications technology
IRU.....	International Road Transport Union
ITC.....	International Trade Centre
LDC.....	Least developed country
LLDC.....	Landlocked developing country
MENA.....	Middle East and North Africa
NCA.....	North and Central Asia
NTFC.....	National trade facilitation committee
OCO.....	Oceania Customs Organization
OECD.....	Organization for Economic Co-operation and Development
SELA.....	Latin American and Caribbean Economic System
SSWA.....	South and South-West Asia
TF.....	Trade facilitation
TFA.....	Trade Facilitation Agreement
UAE.....	United Arab Emirates
UN/CEFACT.....	United Nations Centre for Trade Facilitation and Electronic Business
UNCTAD.....	United Nations Conference on Trade and Development
UNNEXT.....	United Nations Network of Experts for Paperless Trade and Transport for Asia and the Pacific
UNRC.....	United Nations Regional Commission
USA.....	United States of America
USD.....	United States dollar
WTO.....	World Trade Organization

1. Introduction

1.1 Background and objective

It is well understood that reducing trade costs is essential in enabling economies to effectively participate in regional and global value chains and continue to use trade as a main engine of growth and sustainable development. According to the latest data from the ESCAP-World Bank International Trade Cost Database, the overall cost of trading goods among the three largest European Union (EU) economies is equivalent to a 43% average tariff on the value of goods traded (see Table 1). China, the Republic of Korea and Japan (East Asia-3) come closest to matching the low intra-EU trade costs, with average trade costs among themselves amounting to a 51% tariff-equivalent, followed by the middle-income members of the Association of Southeast Asian Nations (ASEAN), whose intra-regional trade costs stand at 76% tariff-equivalent.

Table 1: Intra-and extra-regional comprehensive trade costs in West Asia (excluding tariff costs), 2008-2013

Region	ASEAN-4	East Asia-3	SAARC-4	West Asia-3	EU-3
ASEAN-4	76% (8.7%)				
East Asia-3	75% (5.3%)	51% (-4.8%)			
SAARC-4	128% (1.8%)	125% (-0.3%)	114% (9.7%)		
West Asia-3	162% (-10.9%)	159% (-7.3%)	165% (3.6%)	78% (6.9%)	
EU-3	108% (1.9%)	85% (-3.9%)	114% (2.8%)	139% (1.1%)	43% (-4.2%)
USA	85% (11.2%)	63% (-0.3%)	109% (5.7%)	123% (2.4%)	67% (0.1%)

Source: ESCAP-World Bank Trade Cost Database, updated June 2015. Available from <http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=escap-world-bank-international-trade-costs> and <http://www.unescap.org/tid/artnet/trade-costs.asp>.

Notes: Trade costs may be interpreted as tariff equivalents. Percentage changes in trade costs between 2002-2007 and 2008-2013 are in parentheses.

ASEAN-4: Indonesia, Malaysia, Philippines, Thailand; East Asia-3: China, Japan, Republic of Korea; EU-3: Germany, France, United Kingdom; SAARC-4: Bangladesh, India, Pakistan, Sri Lanka; West Asia-3: Jordan, Lebanon, Saudi Arabia.

Other groups of economies face much higher costs of trading among each other. Particularly, West Asia displays stellar trade costs, ranging from a 123% to a 165% tariff-equivalent. The need for reducing trade costs may be well understood by comparing the trade costs between West Asia and

SAARC-4 (165%) or West Asia and Europe (139%) and the analogous cost for commerce with the more remote United States of America (123%).

Recent studies suggest that much of the trade cost reductions achieved over the past decade have been through elimination or lowering of tariffs.¹ Further trade cost reduction therefore, will have to come from tackling non-tariff sources of trade costs, such as inefficient transport and logistics infrastructure and services, but also cumbersome regulatory procedures and documentation. Indeed, trade facilitation (the simplification and harmonization of import, export and transit procedures), including paperless trade (the use and exchange of electronic data and documents to support the trade transaction process), has taken increasing importance as evidenced by the successful conclusion of the negotiations on a WTO Trade Facilitation Agreement in December 2013, and the progress made at ESCAP on developing a complementary regional arrangement for the facilitation of cross-border paperless trade since 2012.

For the past several years, the ESCAP Secretariat has set out to systematically collect and analyze information on the implementation of trade facilitation measures in the Asia and Pacific region, to provide a basis for developing more relevant capacity building and technical assistance programs as well as for countries to design and prioritize their own trade facilitation implementation plans and strategies. Taking into account the interest of Member States from the region in the application of modern information and communication technologies (ICT) to trade procedures, a first regional survey on trade facilitation and paperless trade implementation was conducted in 2012, in conjunction with the Middle East and North Africa Trade Facilitation Forum organized annually by ESCAP with the Asian Development Bank (ADB).² One conclusion from that first survey effort was that it “should be treated as a continuous, rather than an ad-hoc ‘one-off’ activity”.³ Accordingly, a second regional survey was conducted in 2013/14.⁴

Following extensive discussions at the Global Trade Facilitation Forum 2013⁵ on the lack of reliable and sufficiently detailed and regularly updated data on the implementation of trade facilitation in general - and single window and paperless trade in particular -, it was decided that the next survey (2014/15) should be conducted jointly by all United Nations Regional Commissions (UNRCs) at the global level, in cooperation with other interested international organizations.⁶

¹ For example, see ESCAP (2011), Asia and Pacific Investment Report 2011, United Nations.

² The scope of the survey was based on the definition and list of trade facilitation measures being discussed by the WTO Negotiation Group on Trade facilitation, but also extended to paperless trade measures, i.e., measures enabling the conduct of trade transactions on the basis of electronic rather than paper-based data and documents.

³ <http://unnex.unescap.org/tfforum12-survey.asp>.

⁴ More details are available at <http://unnex.unescap.org/tfforum13-survey.asp>.

⁵ Organized jointly by all the UN Regional Commissions (UNRCs) in Bangkok in November 2013. See <http://www.unescap.org/events/global-trade-facilitation-conference-2013>

⁶ The survey has been conducted in close collaboration with OECD, ITC and UNCTAD, as well as several sub-regional organizations, such as SELA in Latin America, and OCO in the South Pacific.

This report is therefore part of the new global effort and features the results of the 2015 UNRCs Joint Survey on Trade Facilitation and Paperless Trade implementation for the Middle East and North Africa region. Following an introduction to the survey instrument and methodology in the next section, the report first provides a region-wide overview of implementation of trade facilitation measures across countries. This is followed by a closer look at the implementation levels of various groups of trade facilitation measures. The report ends by highlighting some of the key findings and a brief discussion of the way forward towards trade facilitation excellence.

1.2 Survey Instrument and Methodology

The survey instrument was prepared taking into account the final list of provisions included in the WTO Trade Facilitation Agreement (TFA) as well as the content of the draft text of the regional UN treaty on cross-border paperless trade facilitation under negotiation at ESCAP. It covers 38 trade facilitation measures divided into four groups, namely, *General trade facilitation measures*, *Paperless trade*, *Cross-border paperless trade* and *Transit facilitation*.

As can be seen from Table 2, the *General trade facilitation measures* – as well as *Transit facilitation* measures - are essentially measures featured in the WTO TFA. In contrast, most paperless trade and, in particular, cross-border paperless trade measures are not specifically featured in the WTO TFA, although their implementation in many cases would support the better implementation of many of the *General trade facilitation measures*. It is worth noting that, to ensure comparability of implementation levels across countries, two of the measures classified under *Institutional arrangement and cooperation* (No. 33, 34), one measure under *Paperless trade* (No. 20), and one measure under *Transit facilitation* (No. 35) are excluded from the regional analysis.

Table 2: Grouping of trade facilitation measures included in the questionnaire

		Trade facilitation measure (and question No.) in the questionnaire
General TF measures	Transparency	2. Publication of existing import-export regulations on the Internet 3. Stakeholder consultation on new draft regulations (prior to their finalization) 4. Advance publication/notification of new regulation before their implementation (e.g., 30 days prior) 5. Advance ruling (on tariff classification) 9. Independent appeal mechanism (for traders to appeal Customs and other relevant trade control agencies' rulings)
	Formalities	6. Risk management (as a basis for deciding whether a shipment will be or not physically inspected) 7. Pre-arrival processing 8. Post-clearance audit 10. Separation of Release from final determination of customs duties, taxes, fees and charges 11. Establishment and publication of average release times 12. Trade facilitation measures for authorized operators 13. Expedited shipments 14. Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities.
	Institutional arrangement and cooperation	1. Establishment of a national trade facilitation committee or similar body 31. Cooperation between agencies on the ground at the national level 32. Government agencies delegating controls to Customs authorities 33. Alignment of working days and hours with neighbouring countries at border crossings, and 34. Alignment of formalities and procedures with neighbouring countries at border crossings
Paperless trade		15. Electronic/automated Customs System established (e.g., ASYCUDA) 16. Internet connection available to Customs and other trade control agencies at border-crossings 17. Electronic Single Window System 18. Electronic submission of Customs declarations 19. Electronic Application and Issuance of Trade Licenses 20. Electronic Submission of Sea Cargo Manifests 21. Electronic Submission of Air Cargo Manifests 22. Electronic Application and Issuance of Preferential Certificate of Origin 23. E-Payment of Customs Duties and Fees 24. Electronic Application for Customs Refunds
Cross-border paperless trade		25. Laws and regulations for electronic transactions are in place (e.g. e-commerce law, e-transaction law) 26. Recognized certification authority issuing digital certificates to traders to conduct electronic transactions 27. Engagement of the country in trade-related cross-border electronic data exchange with other countries 28. Certificate of Origin electronically exchanged between your country and other countries 29. Sanitary & Phyto-Sanitary Certificate electronically exchanged between your country and other countries 30. Banks and insurers in your country retrieving letters of credit electronically without lodging paper-based documents
Transit facilitation		35. Transit facilitation agreement(s) with neighbouring country(ies) 36. Customs Authorities limit the physical inspections of transit goods and use risk assessment 37. Supporting pre-arrival processing for transit facilitation 38. Cooperation between agencies of countries involved in transit

The dataset was developed following a three-step approach:

Step 1. Data submission by experts: The survey instrument was sent by the ESCWA Secretariat to selected trade facilitation experts (from governments, private sector and/or academia) in Middle East and North Africa countries to gather preliminary information. The questionnaire was also made publicly available online and disseminated. In some cases, the questionnaire was also sent to relevant national trade facilitation authorities or agencies and regional trade facilitation partners or organizations.

Step 2. Data verification by the ESCWA secretariat: The ESCWA Secretariat cross-checked the data collected in Step 1. Desk research and data sharing among UNRCs and survey partners were carried out to further check the accuracy of data. Face-to-face or telephone interviews with key informants were arranged to gather additional information when needed. The outcome of Step 2 was a consistent set of responses per country.

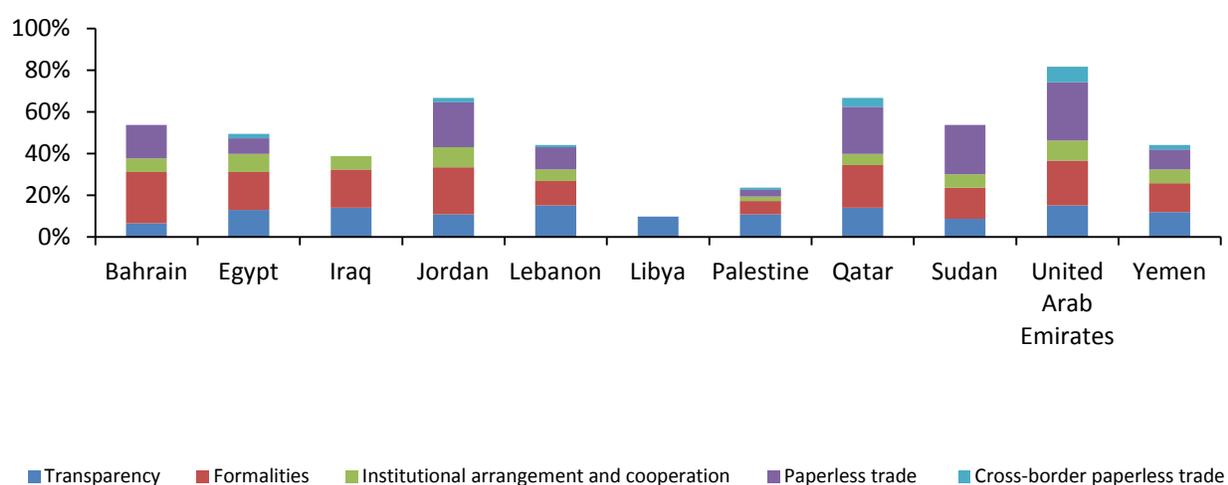
Step 3. Data validation by national governments: The ESCWA Secretariat sent the completed questionnaire to each national government to ensure that the country had the opportunity to review the dataset and provide any additional information. The feedback from national governments was incorporated to finalize the dataset.

For the purpose of analysis and presentation of the results, *General trade facilitation measures* have been further divided into three sub-groups, namely, *Transparency, Formalities, Institutional arrangement and cooperation*, as shown in Table 2. Based on the data collected, each of the trade facilitation measures included in the survey and for which enough information was available was rated either as “fully implemented”, “partially implemented”, “on a pilot basis”, or “not implemented”. Definitions for each stage are provided in Annex 1. A score (weight) of 3, 2, 1 and 0 was assigned to each of the 4 implementation stages in order to calculate implementation scores for individual measures across countries, regions or categories. Wherever the interviewee were not able to provide a response, due to lack of information or technical competence, they gave a “Don’t know” answer. Such a response has been coded 0. Country groupings used in the analysis are defined in Annex 2.

2. Trade facilitation implementation in the Middle East and North Africa: Overview

Figure 1 shows the overall implementation levels of 11 Middle East and North African countries based on a common set of 31 trade facilitation and paperless trade measures included in the survey⁷. The regional average implementation of this comprehensive set of trade facilitation measures stands at 33.3%. The implementation of trade facilitation measures in the region is homogeneous, with most countries achieving implementation rates of around 40%.

Figure 1: Overall implementation of trade facilitation measures in 11 Middle East and North Africa countries



Source: ESCWA, UNRCs TF Survey 2015

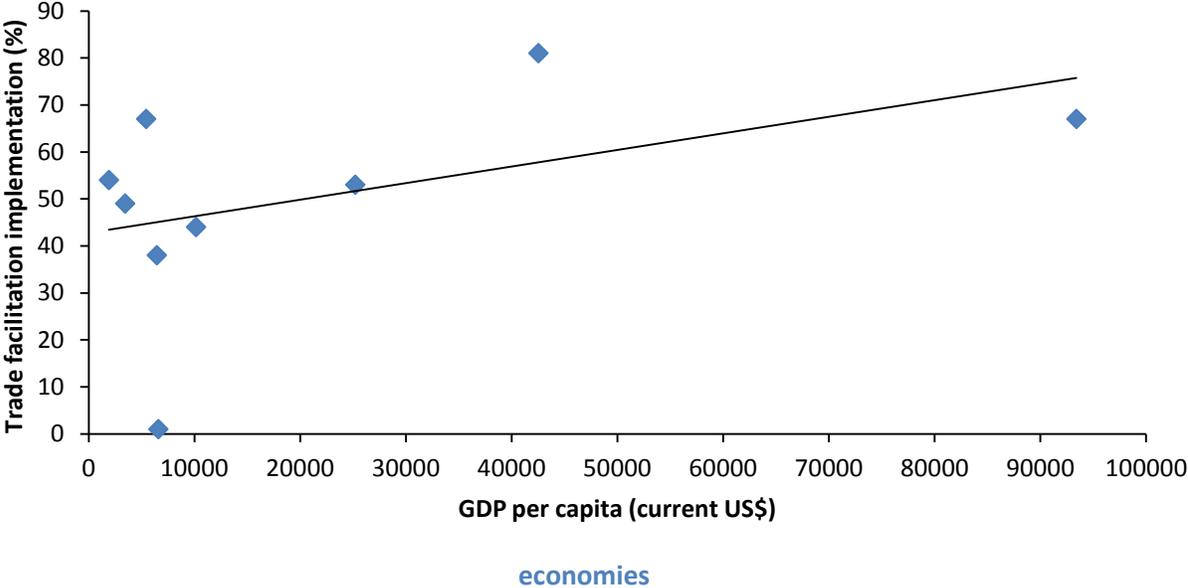
In general, Jordan and Gulf Cooperation Council (GCC) countries display the highest implementation rates, with United Arab Emirates (UAE) standing at 81.7%, whilst Libya and Palestine lag well behind in the implementation of trade facilitation measures. Interestingly, two Least Developed Countries (LDCs), namely Yemen and Sudan, achieve relatively high scores of implementation, standing at above 40%. Particularly, the implementation rates for Sudan equate those for Bahrain. This is surprising, given both the high level of tariff and non-tariff barriers which still hamper international trade in Sudan and the unstable political situation in Yemen. It may be that the choice to adopt trade

⁷ Among 38 trade facilitation measures surveyed, three measures including 20. *Electronic Submission of Sea Cargo Manifests*, 33. *Alignment of working days and hours with neighboring countries at border crossings*, and 34. *Alignment of formalities and procedures with neighboring countries at border crossings* are excluded for calculating the overall score as they are not relevant to all countries surveyed. Similarly, four transit facilitation measures are also excluded. The overall score of each country is simply a summation of the scores of implementation (3,2,1 or 0) it receives for each trade facilitation measure. The maximum possible (full) score of a country is 93 and the average score across all 11 countries is 30.9 (or 33.3% in percentage term).

facilitation measures is led by the willingness to make international trade more viable despite these difficulties.

Further investigation of the level of trade facilitation implementation in relation to economic development shows that, while high income GCC economies have systematically achieved high levels of trade facilitation implementation, implementation levels in the other MENA economies differ dramatically from one country to another, ranging from less than 5% to over 60% (see Figure 2). Particularly, Jordan achieves a high implementation rate, despite being a low income economy. This suggests that improvement in trade facilitation stem from several factors other than economic development and political stability.

Figure 2: Trade facilitation implementation and GDP per capita of 11 Middle East and North Africa

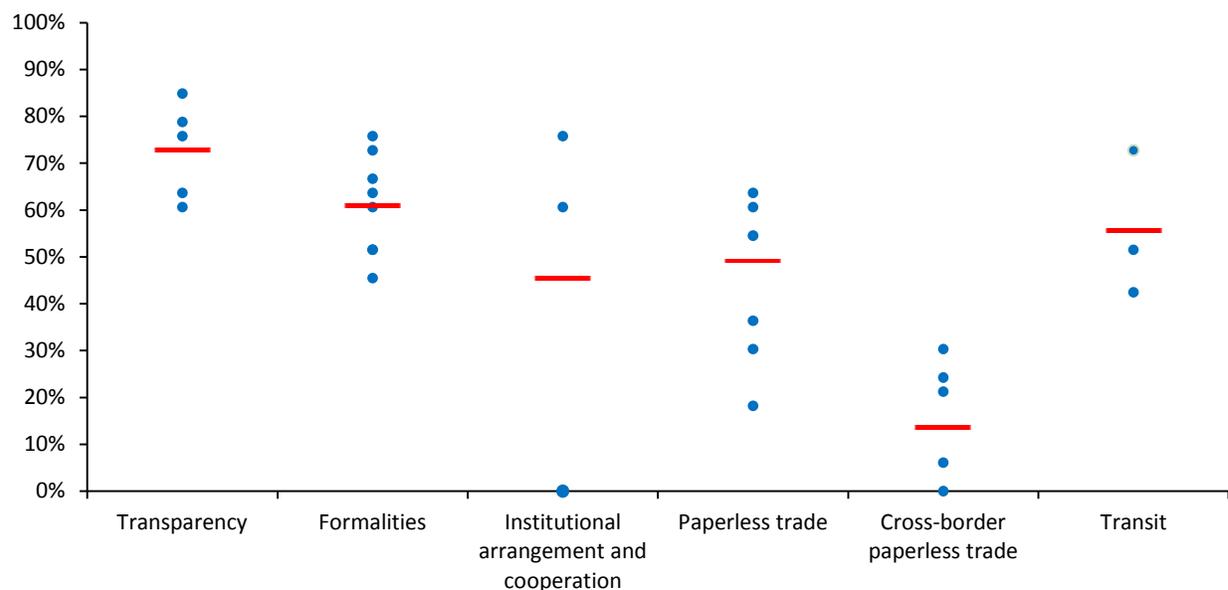


Source: ESCWA, UNRCs TF Survey 2015; World Bank World Development Indicators, accessed 22 July 2015.

2.1 Most and least implemented trade facilitation measures

All countries are engaged in implementation of various measures aimed at enhancing the transparency of trade procedures, as well as reducing the formalities associated with them. While implementation levels vary greatly across countries for all categories of trade facilitation measures, differences in overall implementation scores across countries are exacerbated by wide differences among countries in the level of implementation of paperless trade measures, in particular cross-border paperless trade.

Figure 3: Implementation of different groups of trade facilitation measures: Middle East and North Africa average



Note: Blue dots show regional average implementation level of individual measures within each group.

— Average regional implementation level by groups of measures.

Source: ESCWA, UNRCs TF Survey 2015

Overall, as shown in Figure 3 and Table 3, “transparency” measures, including measures such as *Stakeholder consultation on new draft regulations prior to implementation* and *Publication of existing import-export regulations on the internet*, have been the most implemented (with a regional average implementation of 77%), followed by “formalities” measures (61%). Measures aimed at facilitating transit, in particular *Supporting pre-arrival processing for transit facilitation* and *Custom authorities limit the physical inspections of transit goods and use risk assessment* have also been given serious attention in many economies of the region, with the implementation rate exceeding 56% in that category. Regional average implementation also reaches 45% for measures related to “institutional arrangements and inter-agency cooperation, highlighting that many countries are working on the *Establishment of national trade facilitation committees*. However, no country has yet implemented *Cooperation between agencies on the ground at national level*. The regional average level of implementation of “paperless trade” measures also stands close to 50%. However, implementation varies greatly depending on the individual measures considered. For example, while *Electronic single window* and *Electronic submission*

of air cargo manifests are partially or fully implemented in nearly all countries, facilities enabling the E-payment of custom duties and fees and Electronic application and issuance of trade licenses have yet to be considered for full implementation in many economies. Similarly, while some economies have developed legal frameworks to enable paperless trade, implementation of “cross-border paperless trade” has yet to begin in most of the countries surveyed. Particularly, MENA countries have full room to implement engagement in trade-related electronic data exchange and Banks and insurers retrieving letters of credit electronically without lodging paper-based document. Banks and insurances shift to electronic documents would bring about significant benefits to GCCs, wherein the banking sector is particularly developed.

The next section reviews regional implementation of the 6 groups of measures featured in Figure 3 in more details.

Table 3: Most and least implemented measures in Middle East and North Africa (within each group of trade facilitation measures)

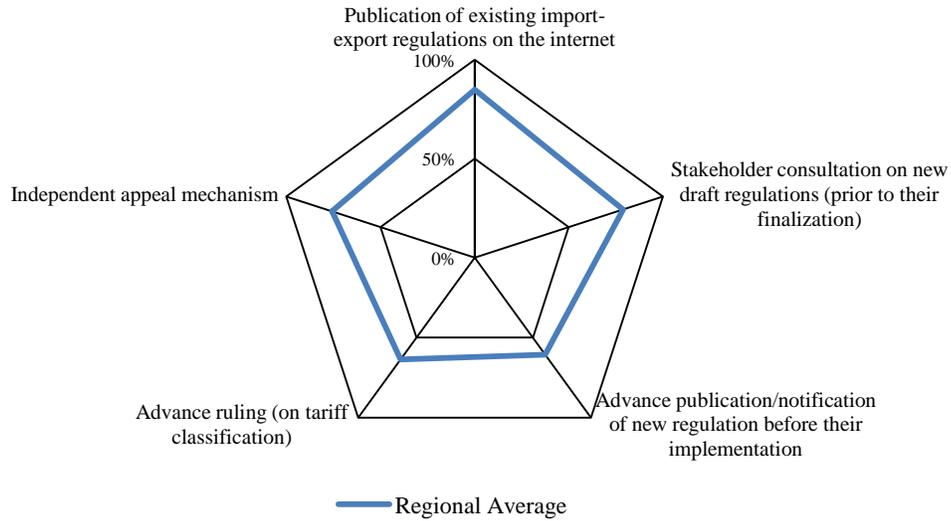
	Most implemented	Least implemented
Transparency	<ol style="list-style-type: none"> 1. Stakeholder consultation on new draft regulations (prior to their implementation) 2. Publication of existing import-export regulations on the internet 	<ol style="list-style-type: none"> 1. Advance ruling (on tariff classification) 2. Advance publication/notification of new regulation before their implementation
Formalities	<ol style="list-style-type: none"> 1. Expedite shipments 2. Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities. 	<ol style="list-style-type: none"> 1. Establishment and publication of average release times 2. Pre-arrival processing, risk management.
Institutional arrangement and cooperation	<ol style="list-style-type: none"> 1. Establishment of National Trade Facilitation Committee 2. Government agencies delegating controls to Customs authorities. 	Cooperation between agencies on the ground at the national level.
Paperless trade	<ol style="list-style-type: none"> 1. Electronic single window 2. Electronic submission of air cargo manifests. 	<ol style="list-style-type: none"> 1. E-payment of custom duties and fees 2. Electronic application and issuance of trade licenses
Cross-border paperless trade	<ol style="list-style-type: none"> 1. Recognized certification authority 2. Laws and regulations for electronic transactions 	<ol style="list-style-type: none"> 1. Banks and insurers retrieving letters of credit electronically without lodging paper-based documents 2. Engagement in trade-related cross border electronic data exchange.
Transit facilitation	<ol style="list-style-type: none"> 1. Supporting pre-arrival processing for transit facilitation 2. Custom authorities limit the physical inspections of transit goods and use risk assessment 	Cooperation between agencies of countries involved in transit

Source: ESCWA, UNRCs TF Survey 2015

3. Implementation of trade facilitation measures: A closer look

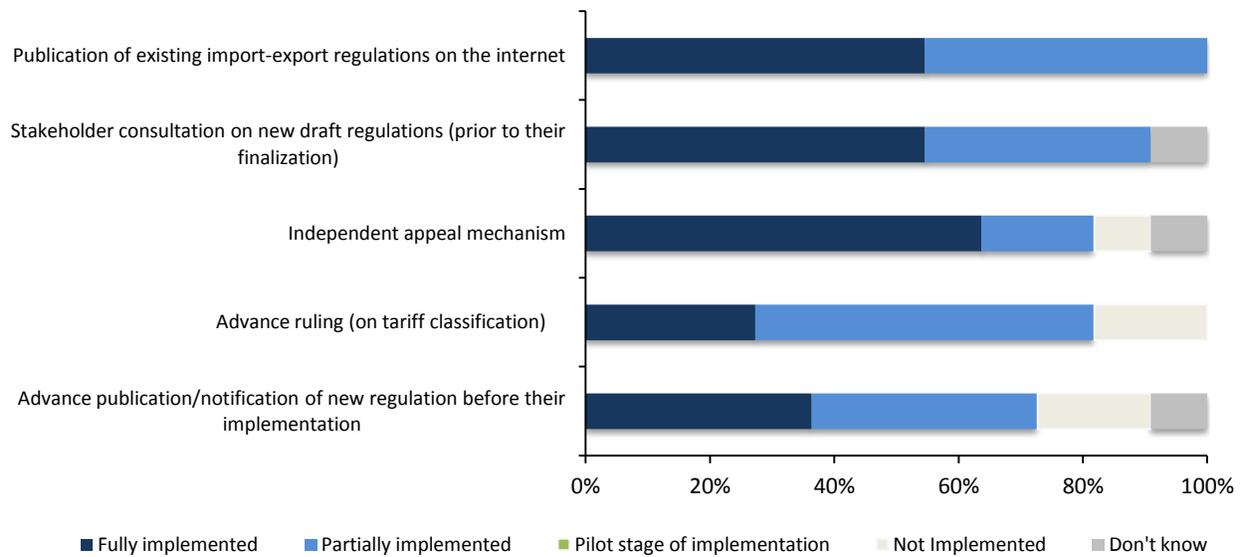
3.1: “Transparency” measures

Figure 4: Implementation of “transparency” measures: Middle East and North Africa average



Source: ESCWA, UNRCs TF Survey 2015

Figure 5: State of implementation of “transparency” measures for trade facilitation in Middle East and North Africa economies (in %)



Source: ESCWA, UNRCs TF Survey 2015

Five trade facilitation measures included in the survey can be categorized as “transparency” measures. They relate to Articles 1-5 of the WTO TFA and GATT Article X on *Publication and Administration of Trade Regulations*. Figure 4 confirms that the average level of implementation of all five “transparency” measures across the region is well in excess of 50%, indicating a significantly higher level of implementation as compared to other types of measures.

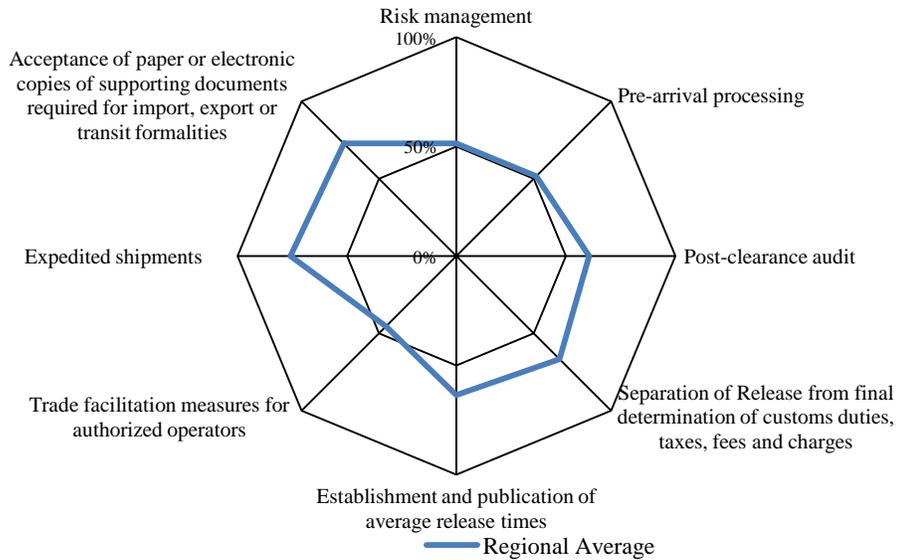
Figure 5 lists the number of countries that have fully and partially implemented “transparency” measures in descending order. *Publication of existing import-export regulations on the Internet* is the most implemented “transparency” measure in the region, as more than 90% of the economies which have taken part into the survey have either fully or partially implemented it.

The least implemented “transparency” measures are *Advance ruling (on tariff classification)* and *Advance publication/notification of new regulation before their implementation*. However, both have been already either fully or partially implemented by more than 80% of the countries in the region.

The other two measures in this group, *Stakeholder consultation on new draft regulations (prior to their finalization)* and *Independent appeal mechanism*, have been implemented by most countries surveyed. Interestingly, although these two measures are not the most implemented measures in this group when partial implementation is taken into account, they have been “fully implemented” in more countries than any other measures in this group.

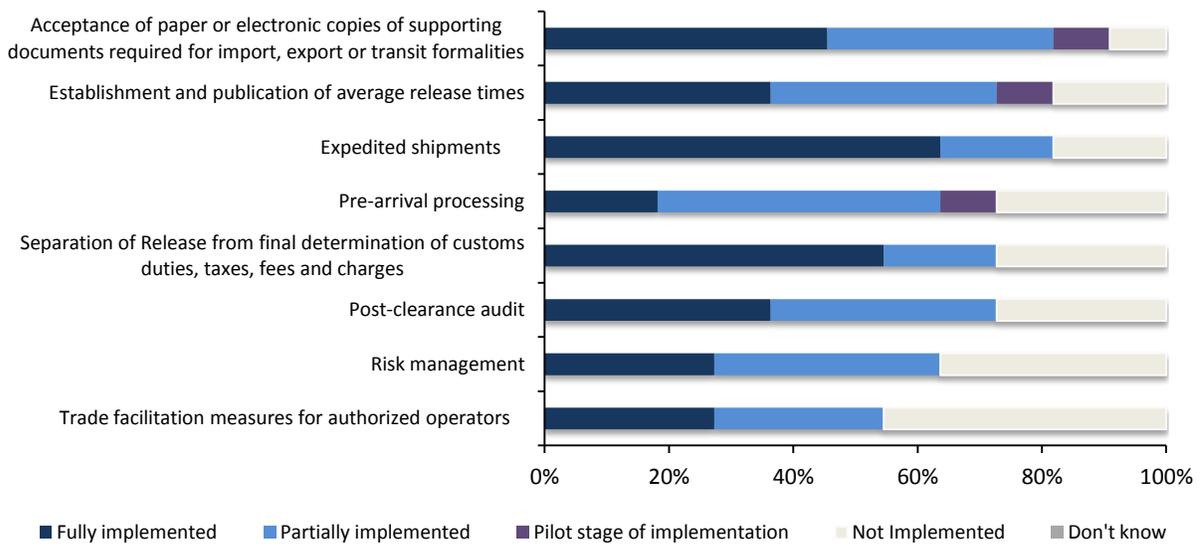
3.2 “Formalities” measures

Figure 6: Implementation of trade “formalities” facilitation measures: Middle East and North Africa average



Source: ESCWA, UNRCs TF Survey 2015

Figure 7: State of implementation of trade “formalities” facilitation measures in Middle East and North Africa economies (in %)



Source: ESCWA, UNRCs TF Survey 2015.

Eight of the general trade facilitation measures included in the survey are categorized as “formalities” facilitation measures, aimed at streamlining and/or expediting regulatory trade procedures. They relate to Articles 6-10 of the WTO TFA and GATT Article VIII on “*Fees and Formalities connected with Importation and Exportation*”. The level of implementation of these measures stands at around of slightly above 50% (Figure 6). While *Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities* and *Expedite shipment* account respectively for 72.7% and 75%, the implementation score for *Trade facilitation measures for authorized operators* is well below the average, at 45.5%.

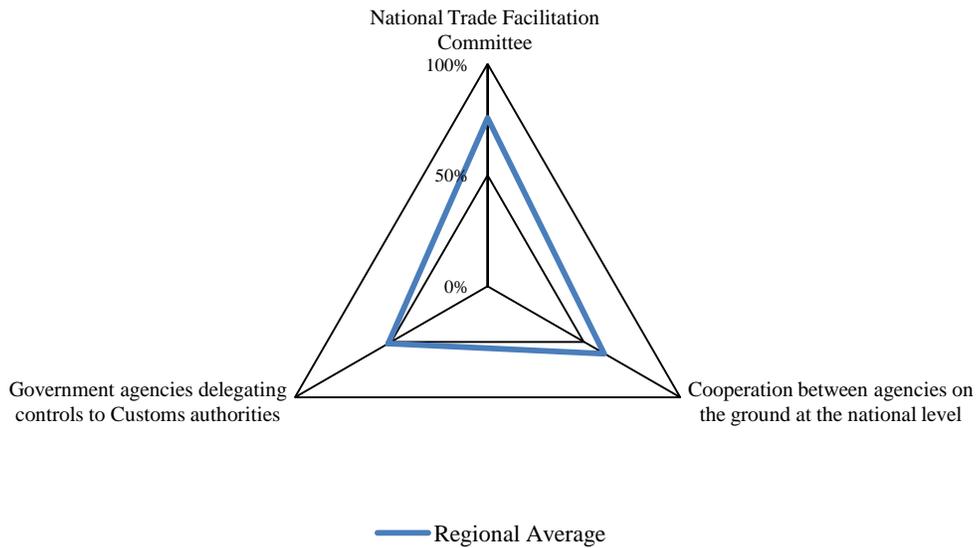
Figure 7 shows that *Expedited shipment* and *Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities* have been implemented in more than 80% of the countries in the region. Also, *Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities* is in the pilot stage of implementation in Lebanon. This is a welcome finding, as both measures are particularly important facilitation measures for small and medium size enterprises less frequently involved in trade transactions or shipping low volumes of goods.

Similarly, *separation of release from final determination of custom duties, taxes, fees and charges* and *post-clearance audit* have been implemented in more than 70% of the countries while the application for *risk management* and *pre-arrival processing* stands at less than 65%.

Further improvements should be made in *Trade facilitation measures for authorized operators*. Indeed, such a measure has been implemented in less than 55% of the countries in the Middle East and North Africa region.

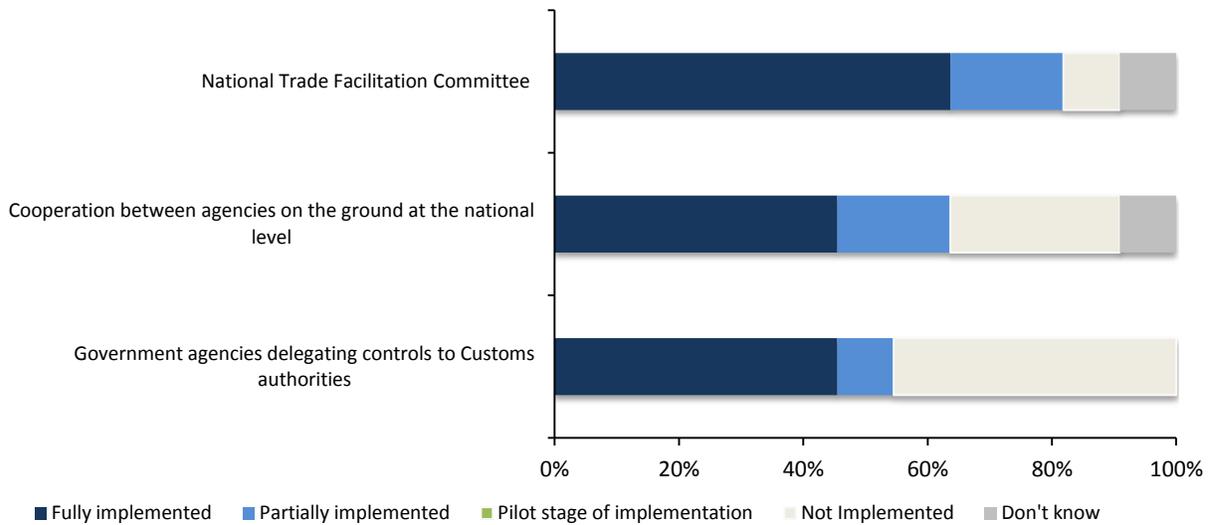
3.3 “Institutional arrangement and cooperation” measures

Figure 8: Implementation of “institutional arrangement and cooperation” measures: Middle East and North Africa average



Source: ESCWA, UNRCs TF Survey 2015

Figure 9: State of implementation of “institutional arrangement and cooperation” measures for trade facilitation in Middle East and North Africa economies (in %)



Source: ESCWA, UNRCs TF Survey 2015

Three trade facilitation measures featured in the survey are grouped under “Institutional and cooperation” measures. These relate to the long-standing recommendation that a national trade facilitation body and other measures be implemented to ensure coordination and cooperation among the various government agencies and other stakeholders involved in facilitating trade.⁸ All three measures are also specified in various Articles of the WTO TFA.

Figure 8 shows that *National Trade Facilitation Committee* has already been quite extensively implemented, whilst *Cooperation between agencies on the ground at the national level* score is slightly lower, at 60.6%. In contrast, implementation levels of mechanisms enabling *Government agencies to delegate controls to Customs authorities* stands at 51.5%.

The most fully implemented measure of the three measures considered in this group is *Establishment of National Trade Facilitation Committee* (Figure 9). Establishment of such a committee is mandatory for all countries intent on ratifying the WTO TFA.⁹ Approximately 80% of the countries have already established such a body, although it remains often unclear whether that body is fully operational.

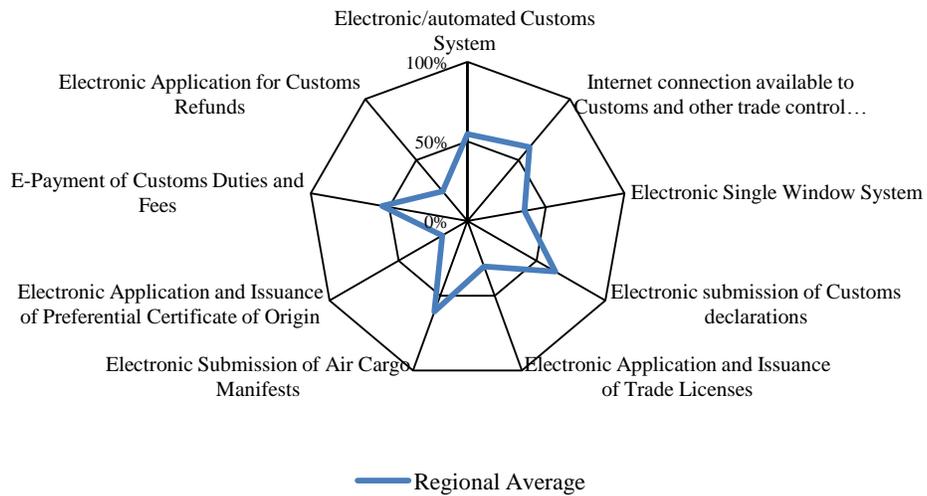
While *Cooperation between agencies* is being implemented by approximately 65% of the countries, the results show that full implementation has actually taken place in 45% of them. Analogously, *Government agencies delegating controls to Custom authorities* has been fully implemented in nearly 45% of the countries in the region.

⁸ See, for example, UN/CEFACT Recommendation No. 4 on establishment of national trade facilitation bodies, first issued in 1974.

⁹ See Article 23.2 of the WTO TFA.

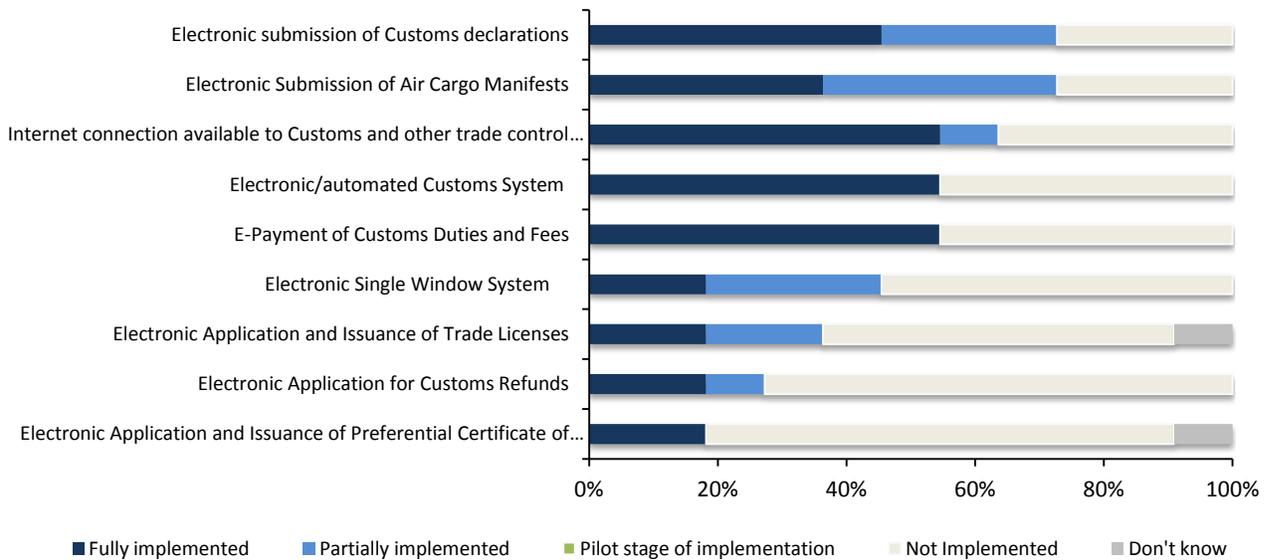
3.4 “Paperless trade” measures

Figure 10: Implementation of “paperless trade” measures: Middle East and North Africa average



Source: ESCWA, UNRCs TF Survey 2015

Figure 11: State of implementation of “paperless trade” measures in Middle East and North Africa economies (in %)



Source: ESCWA, UNRCs TF Survey 2015

Nine of the trade facilitation measures included in the survey are categorized as “paperless trade” measures. All these measures involve the use and application of modern information and communications technologies (ICT) to trade “formalities”, starting from the availability of internet connections at border-crossings and customs automation to full-fledge electronic single window facilities.

The levels of implementation of the nine measures considered under “paperless trade” vary widely, as shown in Figure 10. At the regional level, *Internet connection available to Customs and other trade control agencies at border-crossings*, *Availability of Electronic/automated Customs System*, along with *Electronic submission of Customs Declarations* and *Electronic submission of air cargo manifests* are the most implemented measures. In contrast, implementation of almost all other measures, including *Electronic application for custom refunds* and *electronic application and issuance of Preferential Certificates of Origin* and *Trade Licenses* are well below 30%, at 24.2% and 18.2% respectively.

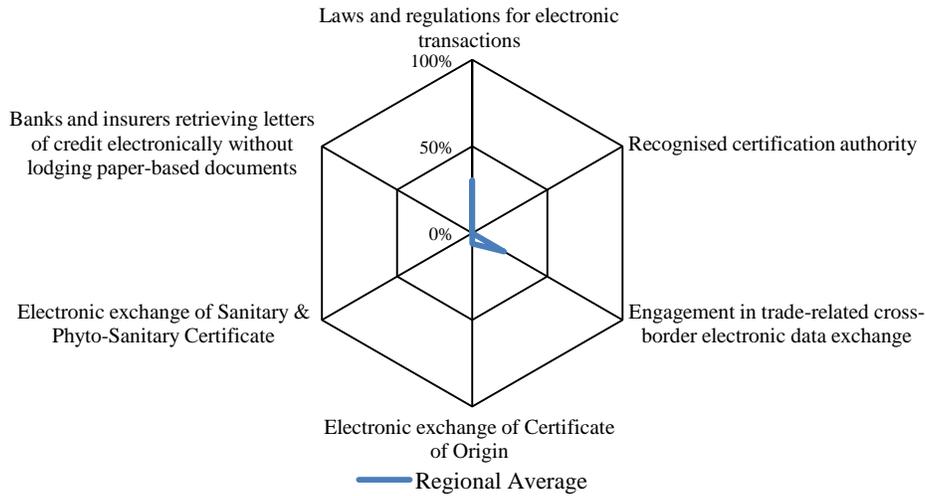
As a result of Middle East and North Africa countries’ awareness of the importance of having the basic ICT infrastructure and services in place to enable “paperless trade”, (see Figure 11) *Electronic submission of Customs Declaration* has been fully or partially implemented by approximately 45% and 25% of the countries, respectively. Similarly, *Electronic submission of Air Cargo Manifests* has been fully or partially implemented in more than 70% of the countries surveyed. Interestingly, *internet connection available to customs* has come to full implementation in above 50% of the countries surveyed. Such an achievement does not come alone: *Electronic payment of Customs duties and fees* is also fully available in the majority of the countries surveyed.

Beyond the use of electronic data and documents for customs procedures, *Electronic Single Window System* has been implemented fully or partially by less than 20% of the countries. *Electronic Single Window System* implementation remains at a relatively early stage, with a majority of the countries not having taken any significant steps towards its implementation yet.

Electronic application and Issuance of Trade License, *Electronic Application for Custom refunds* and *Electronic application and Issuance of Preferential Certificate of Origin* are even less implemented than *Single Window*. This may be explained in part by the specificity of such tools and the relative complexity to develop them.

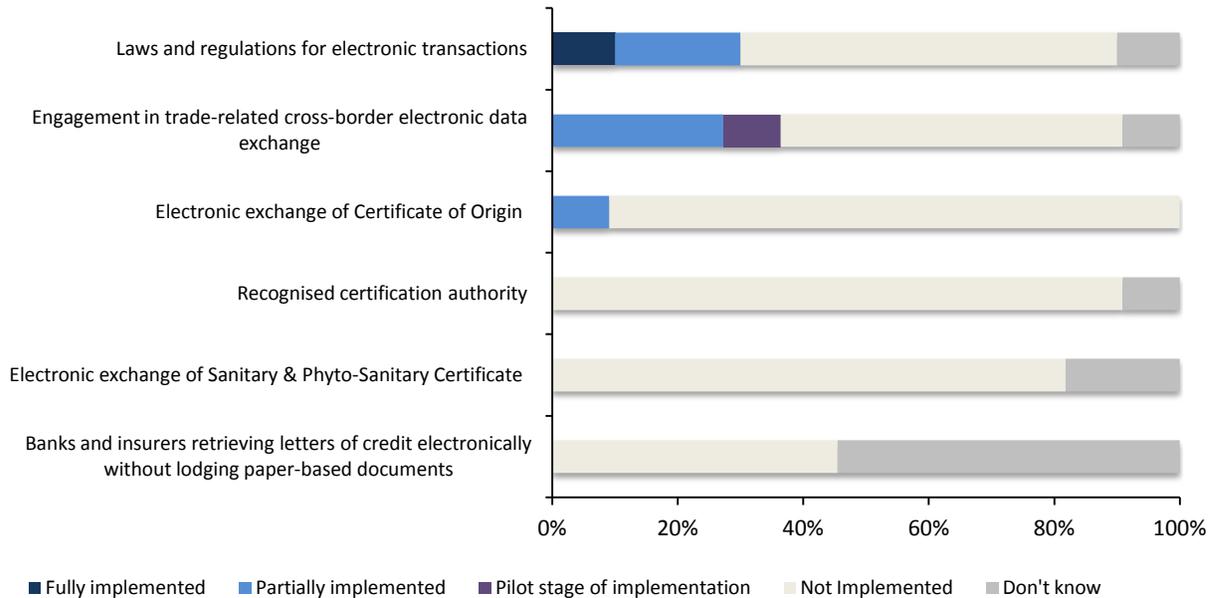
3.5 “Cross-border paperless trade” measures

Figure 12: Implementation of “cross-border paperless trade” measures: Middle East and North Africa average



Source: ESCWA, UNRCs TF Survey 2015

Figure 13: State of implementation of “cross-border paperless trade” measures in Middle East and North Africa economies (in %)



Source: ESCWA, UNRCs TF Survey 2015

Six of the trade facilitation measures included in the survey are categorized as “cross-border paperless trade” measures, as shown in Figure 12. Two of the measures, *Laws and regulations for electronic transactions* and *Recognized certification authority*, are basic building blocks towards enabling the exchange and legal recognition of trade-related data and documents not only among stakeholders within a country, but ultimately also between stakeholders along the entire international supply chain. The other four measures relate to the implementation of systems enabling the actual exchange of trade-related data and documents across borders to remove the need for sending paper documents.

Figure 12 shows the average scores for “cross-border paperless trade” measures. Overall, the implementation score of all measures is either low or equal to 0. Particularly, only *Laws and regulations for electronic transactions*, *engagement in trade-related cross border electronic exchange* and *recognized certification authority* have been implemented. However, the scores for these measures fall well below 50%.

Figure 13 shows that 30% of the countries surveyed have developed laws and regulations for economic transactions. However, only the UAE has undertaken full implementation of such a measure. The lack of institutional and legal frameworks to support cross-border paperless trade reflects on the other measures: indeed engagement in *Trade-related cross-border electronic data exchange* has been partially implemented by only 3 countries, whilst it is in the pilot stage in Lebanon.

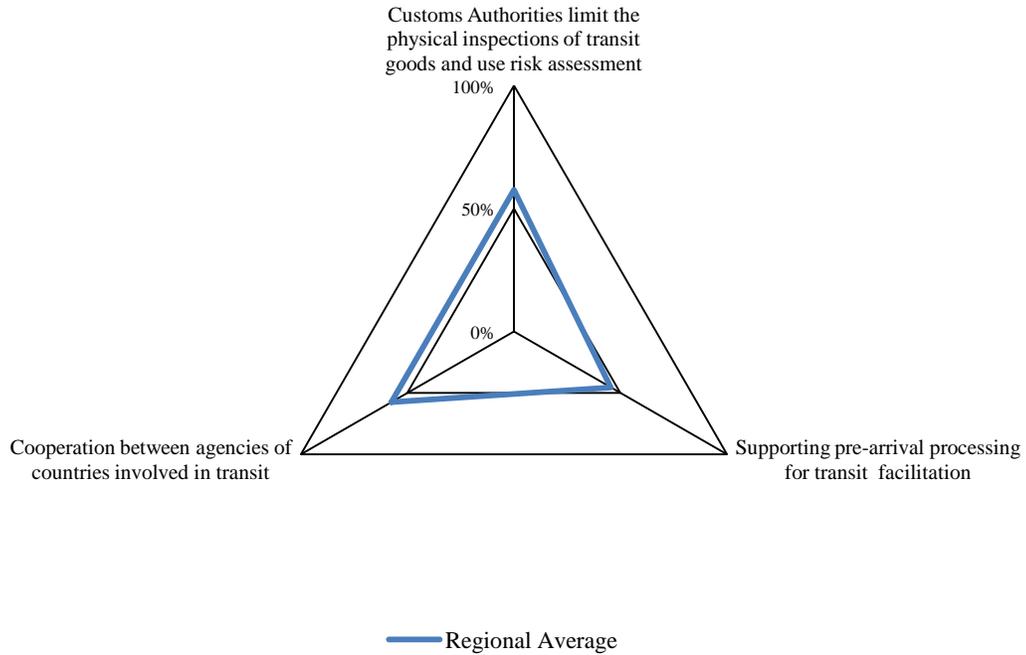
Analogously, *Electronic exchange of Certificates of Origin* is the least implemented measure having been implemented on a limited basis by less than 10% of the economies in the region.

However, none of the countries have made any progress towards implementing *Electronic exchange of sanitary and phyto-sanitary certificates* and creating a *recognized certification authority*. Also, it is not yet feasible for banks and insurers to retrieve letters of credit electronically without lodging paper-based documents.

Strikingly, respondents seem not to have enough information to describe the implementation of most cross-border paperless trade measures. Particularly, 55% of the countries surveyed do not know whether *banks and insurers retrieving letters of credit electronically without lodging paper-based documents* has been implemented. As a result, gathering the necessary technical information may be the first step in the implementation of cross-border paperless trade measures.

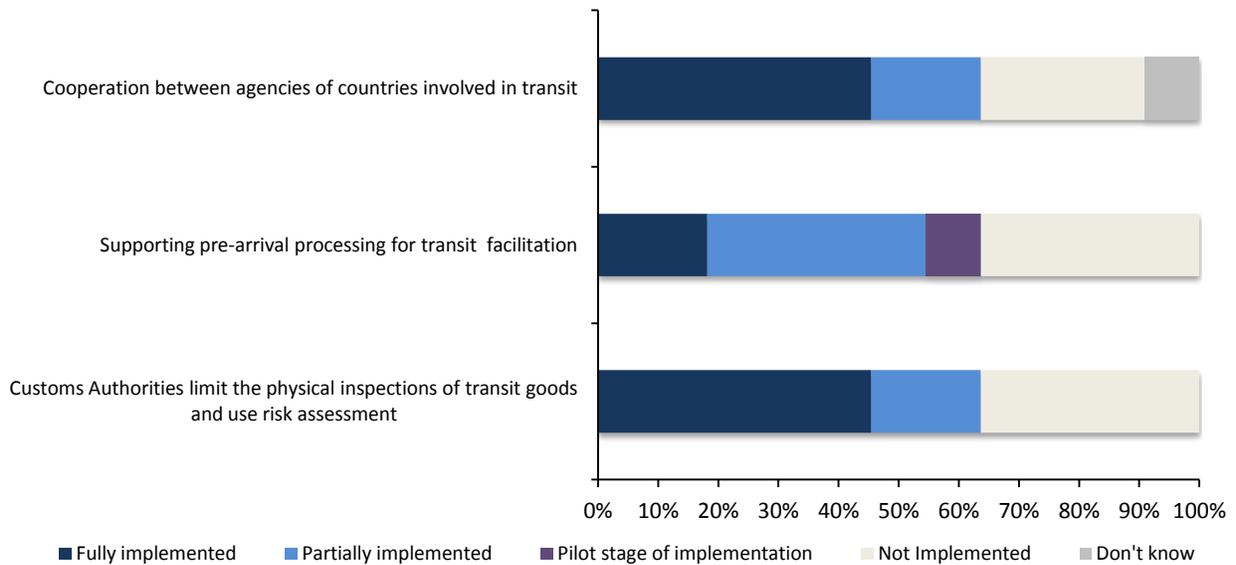
3.6 “Transit facilitation” measures

Figure 14: Implementation of “transit facilitation” measures: Middle East and North Africa average



Source: ESCWA, UNRCs TF Survey 2015

Figure 15: State of implementation of “transit facilitation” measures in Middle East and North Africa economies (in %)



Source: ESCWA, UNRCs TF Survey 2015

Three trade facilitation measures included in the survey relate specifically to transit facilitation and WTO TFA Article 11 on *Freedom of Transit*. The intent of these measures is to reduce as much as possible all the formalities associated with traffic in transit, allowing goods from one country destined for another country to be seamlessly transported through one or more other transit countries.

As shown in Figure 14, the implementation level of “transit” measures in the region exceeds 50% for customs for two out of three measures whilst it stands at 45.5% for *supporting pre-arrival processing for transit facilitation*.

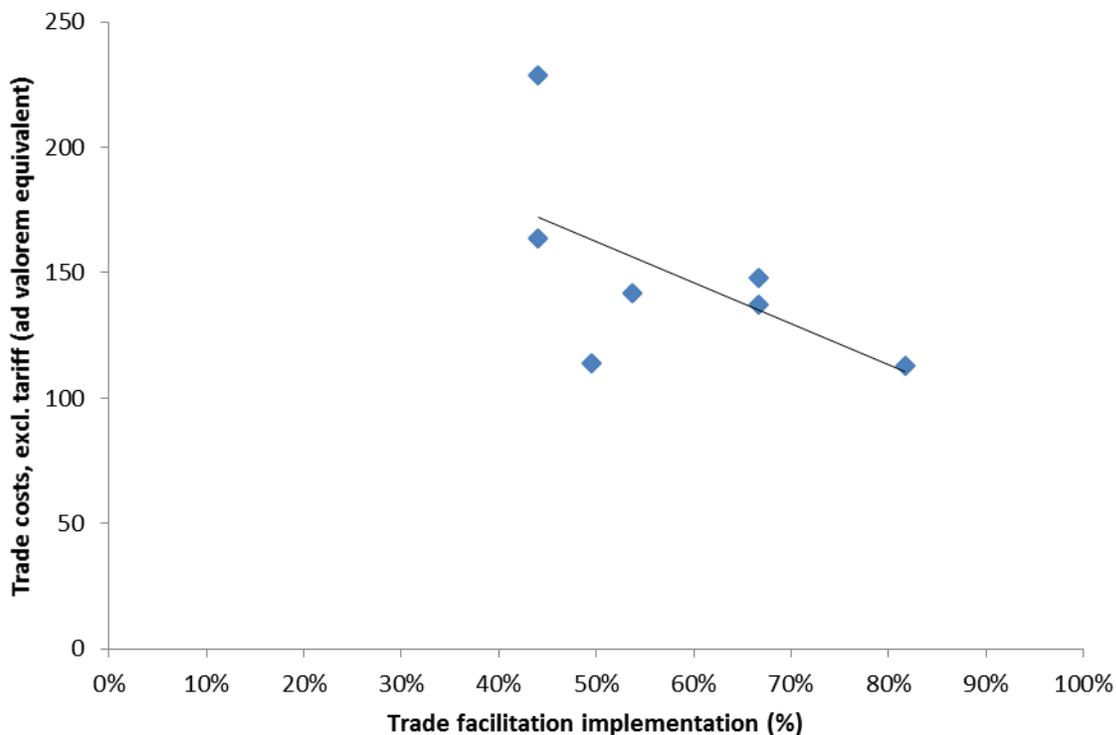
Figure 15 shows the state of implementation of “transit” facilitation measures in Middle East and North Africa economies. Whilst such measures have been implemented in more than 60% of the countries, full implementation has been achieved in only approximately 45% of the countries surveyed, when it comes to *Cooperation between agencies of countries involved in transit and limitation of physical inspection and use of risk assessment*. Moreover full implementation of *Supporting pre-arrival processing for transit facilitation* has been achieved in less than 20% of the countries surveyed whilst approximately 10% of the countries are still in the pilot stage.

This relatively high state of implementation is surprising, due to the limited necessity for MENA economies to rely on transit countries. Indeed, as no MENA country is landlocked, they can easily export and import goods directly. Nonetheless, significant room for improvement still exists.

4. Conclusions and Way Forward

This report presented data on trade facilitation and paperless trade implementation collected from 11 economies across the Middle East and North African region. The survey covered not only implementation of general trade facilitation measures, including most of those featured in the WTO TFA, but also more advanced ICT-based trade facilitation measures aimed at making data and documents needed to support trade transactions flow seamlessly among stakeholders within a country, as well as across countries. Figure 16 confirms the strong relationship between Middle East and North African countries' international trade costs and their level of trade facilitation implementation as revealed by the survey.¹⁰

Figure 16: Trade facilitation implementation and Trade Costs of Middle East and North Africa economies



Notes: Countries' trade costs are based on average comprehensive bilateral trade costs with Germany, China and the USA (2008-13) and expressed as ad valorem equivalents

Source: ESCAP-World Bank International Trade Cost Database and ESCWA, UNRCs TF Survey 2015

¹⁰ A simple linear regression of trade costs against trade facilitation implementation – estimated using Ordinary Least Squares (OLS) - shows that trade facilitation implementation levels explain about 35% of the variations in trade costs; and that a 5% increase in the level of trade facilitation implementation is associated with a decrease in ad valorem equivalent trade costs of 164.2.

Based on an ambitious package of more than 30 trade facilitation measures included in the survey, regional average trade facilitation implementation is found to be 33.3%, suggesting that significant room remains for progress in many Middle East and North Africa economies.¹¹ The assessment confirms that a large majority of countries in the region have been actively engaged in implementing measures to improve transparency and streamline fees and formalities associated with trade.

However, while customs have been actively developing paperless systems to speed up practices as submissions of custom declarations and air cargo manifests, electronic single windows systems are not fully developed yet. Moreover, implementation of cross-border (bilateral, sub-regional or regional) paperless trade systems remains extremely limited. Given the large potential benefits associated with the implementation of these “next generation” trade facilitation measures,¹² it is in the interest of countries from all groups to work together and develop the legal and technical protocols needed for the seamless exchange of regulatory and commercial data and documents along the international supply chain.

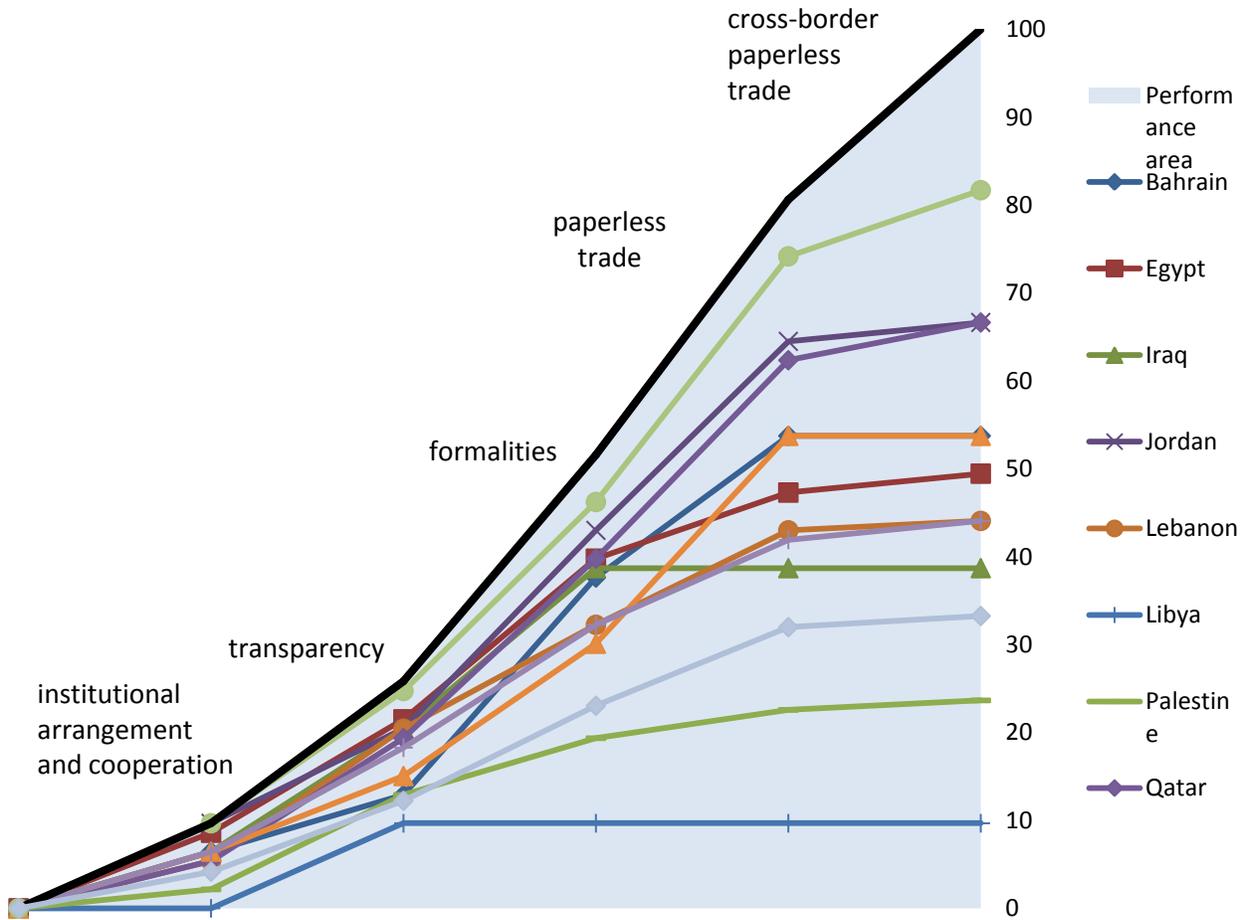
To sum up, Figure 17 shows implementation of trade facilitation as a step-by step process, based on the groups of measures included in this survey. Trade facilitation begins with the setting up of the *Institutional arrangement* needed to prioritize and coordinate implementation of trade facilitation measures. The next step is to make the trade processes more *Transparent* by sharing information on existing laws, regulations and procedures as widely as possible and consulting with stakeholders when developing new ones. Designing and implementing simpler and more efficient trade *Formalities* is next. The re-engineered and streamlined processes may first be implemented based on paper documents, but can then be further improved through ICT and the development of *Paperless trade* systems. The ultimate step is to enable the electronic trade data and documents exchange by traders, government and service providers within national (single window and other) systems to be used and re-used to provide stakeholders in partner countries with the information they need to speed up the movement of goods and reduce the overall costs of trade.¹³

¹¹ At the same time, it is worth noting that full implementation of only the trade facilitation measures specified in the WTO TFA, arguably now the baseline set of trade facilitation measures to be implemented, would bring a country to an implementation level of 55 to 60% within the context of this survey.

¹² See ESCAP (2014) at <http://www.unescap.org/resources/estimating-benefits-cross-border-paperless-trade>

¹³ This step-by-step process is inspired from and generally consistent with the UN/CEFACT step-by-step approach to trade facilitation towards a single window environment.

Figure 17: Moving up the trade facilitation ladder towards seamless international supply chains



Note: the figure shows cumulative trade facilitation implementation scores of Middle East and North Africa sub-regions for five groups of trade facilitation measures included in the survey. Full implementation of all measures = 100.

Source: ESCWA, UNRCs TF Survey 2015

The regional cumulative trade facilitation implementation levels shown in Figure 17 show that all countries still have significant room to make progress in all areas of trade facilitation, starting with institutional arrangements and further enhancing inter-agency cooperation.

Annex 1: Definition of the different stages of implementation

Definition of stage of implementation	Coding/ Scoring
<p>Full implementation: the trade facilitation measure implemented is in full compliance with commonly accepted international standards, recommendations and conventions (such as the Revised Kyoto Convention, UN/CEFACT Recommendations, or the WTO Trade Facilitation Agreement); it is implemented in law and in practice; it is available to essentially all relevant stakeholders nationwide, supported by adequate legal and institutional framework, as well as adequate infrastructure and financial and human resources.</p>	3
<p>Partial implementation: a measure is considered to be partially implemented if at least one of the following is true: (1) the trade facilitation measure is not in full compliance with commonly accepted international standards, recommendations and conventions; (2) the country is still in the process of rolling out the implementation of measure; (3) the measure is practiced on an unsustainable, short-term or ad-hoc basis; (4) the measure is not implemented in all targeted locations (such as key border crossing stations); or (5) not all targeted stakeholders are fully involved.</p>	2
<p>Pilot stage of implementation: A measure is considered to be at the pilot stage of implementation if, in addition to meeting the general attributes of partial implementation, it is available only to (or at) a very small portion of the intended stakeholder group (location) and/or is being implemented on a trial basis. When a new trade facilitation measure is under pilot stage of implementation, the old measure is often continuously used in parallel to ensure the service is provided in case of disruption of new measure. This stage of implementation also includes relevant rehearsals and preparation for the full-fledged implementation.</p>	1
<p>Not implemented: simply means a trade facilitation measure has not been implemented. However, this stage does not rule out initiatives or efforts towards implementation of the measure. For example, under this stage, (pre)feasibility or planning of implementation can be carried out; and consultation with stakeholders on the implementation may be arranged.</p>	0
<p>Don't know: It means that the respondents were not able to assess whether a trade facilitation measure had been implemented.</p>	0

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