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Trade Facilitation Measures in the GMS



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- From scattered items
to focused measures
- From cross-border exchange
to sub-regional flows
- From individual country
committees
to collective working
group and cooperation

Outline

- Evolution
- Institutional Setting
- Initial Measures
- Outputs
- Integrated Approach
- GMS Trade Facilitation

Evolution

- The Third GMS Ministerial Meeting (Hanoi 1994) agreed to a working group to address GMS trade issues.
- Only prior to the Ninth GMS Ministerial Meeting (Manila 1999) did the Inception Meeting on trade take place.
- The Ninth MM cites the importance of opening borders to boost economic growth.

- Rationale:

- »»»» establish attractive trade environment in the GMS especially after the Asian crisis.

- »»»» ensure that investment in physical infrastructure e.g., transportation, has clear economic payoff.

- »»»» attractiveness of “soft” infrastructure initiatives such as trade facilitation as “high impact/low cost” in times of significant budget constraints.

- Two meetings were held prior to the Ninth MM – a *Preparatory Workshop* and the *Inception Meeting of the GMS Trade Facilitation Working Group (TFWG)*.
- Consultations were held with all the GMS countries before the meetings to ascertain the importance of trade.
- The consultations were conducted by ADB and UNESCAP.

Institutional Setting

- Originally relied on individual GMS member trade initiatives with regional affiliation (e.g. ASEAN, APEC).
- The original trade and investment grouping was split into trade ***and*** investment – with Trade Facilitation Working Group (TFWG) as the GMS vehicle for trade initiatives.
- A separate GMS *Business Forum* was also created as platform for private sector issues and concerns.

- Consultations by UN ESCAP with the GMS countries led to the creation or convening of *in-country National Trade Facilitation Committee (NTFC)*, inter-government agencies with border responsibilities.
- GMS countries mobilized agencies operating in common borders to facilitate the movement of goods and people through simplified procedures, documents, and other requirements.

- The institutional setting for trade facilitation highlighted two directions:
 - »»» *within* GMS country mechanism for understanding of procedures in border and international commerce, agencies involved, and facilitation needs in *cross-border* transactions (e.g. *NTFC*)
 - »»» *across* GMS countries participation in sub-regional trade cooperation through the *TFWG* anchored on a national mechanism composing all border agencies.

Initial Trade Facilitation (TF) Measures

- Part of individual GMS country unilateral or part of liberalization commitment to others (ASEAN, APEC), apart from WTO.
- Broader unilateral initiatives
 - »»»» privatization
 - »»»» deregulation/decentralization
 - »»»» tariff reduction
 - »»»» abolition of price and other controls

- Border trade measures
 - »»» relaxation of border regulations/controls
 - »»» simplification of documents
 - »»» facilitation of permits/licenses
- Reciprocity/mutual recognition of border measures
- Targeted applications
 - »»» one-stop processing
 - »»» selected border pilot sites

Outputs

- From a long list of projects proposed at the TFWG inception meeting 2 were considered by ADB and 2 by UN ESCAP.
- ESCAP provided support for the setting up of NTFC in the GMS countries and TF studies.
- ADB provided support for GMS Customs Cooperation and pilot testing.

- A *Trade Facilitation Handbook* for the Greater Mekong Sub-region was published in 2002 providing general guidelines for TF and in the individual GMS countries.

- GMS NTFCs were convened and deliberated on TF measures, considered

UN instruments (e.g. the use of the UN Layout key)

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- The *ad hoc* GMS Customs Sub-committee met in January 2000 to consider customs cooperation and its pilot testing in the “Tripartite Transport Agreement” (Lao PDR, Thailand and Viet Nam).
- Cooperation modalities included *single-stop inspection, single-window inspection, coordination of working hours of operation, transparency of customs practices, and adherence to the Kyoto Convention.*

Integrated Approach

- Further customs workshops operationalized the cooperation modalities, developed common documents and procedures, and identified specific pilot sites.
- The expansion of the Tripartite Agreement into a GMS *Cross-Border Transport Agreement* (CBTA) opened a mechanism for combining customs with CBTA provision integrating TF/Customs with Transport.

- Part of customs cooperation on single-stop inspection (and related activities) are driven by the GMS Transport Sector thru the provisions of CBTA (*Annex 4*).
- The single-stop inspection activities also combine *immigration and quarantine* services.
- As trade facilitation work in the GMS gained depth, its direction became more focused and integrated:

»»»» *customs*: cooperation in the use of risk assessment in GMS trade, application of ICT, and partnership with business and the private sector – overall modernization

»»»» *quarantine and inspection*: regional capacities in application of SPS including risk assessment, laboratory identification and accreditation, and capacity and training – overall health safeguard

»»»» *trade logistics*: development of national and regional logistics plan, identification of skills requirements – overall value chain

»»»» *business mobility*: search for ways to increase movement of business people across the GMS through multi-country visa, establish mechanisms for information sharing, application of common new technologies, etc. that facilitate business travel

»»»» *support to GMS exporters and trade entrepreneurs*: collaboration with the GMS Business Forum including training, market information, promoting e-commerce and networks.

GMS Trade Facilitation*

- *Overarching Principles*
 - ▮ Reduce costs for intra- and inter-regional trade as well as cross-border transaction.
 - ▮ Improve the speed and efficiency of service delivery for intra- and inter-regional trade.
 - ▮ Balance trade security with trade facilitation.
 - ▮ Promote modern trade facilitation techniques, such as risk management and information sharing

- *Overall Vision*

The GMS envisions high levels of trade and enhanced overall competitiveness, achieved through the removal or reduction of nonphysical barriers; smooth and efficient flow of people, goods, services, and capital across borders; and the development of an efficient and adequate logistics system.

- *Strategic Objectives*

///➤ Remove hindrances to trade in the form of nonphysical and nontariff barriers, such as cumbersome customs and inspection procedures, lack of harmonization of trade documentation, discriminatory national laws and regulations, and inefficient transport operations across borders.

▄▄▄▄▶ Simplify, rationalize, and harmonize cross-border customs procedures, inspection and quarantine measures, vehicle standards, and other rules/procedures related to the movement of people, goods, services, and capital.

▄▄▄▄▶ Develop and strengthen the trade logistics system in the subregion.

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Thank you...