



# Trade Facilitation Reform in ASEAN

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# The Presentation

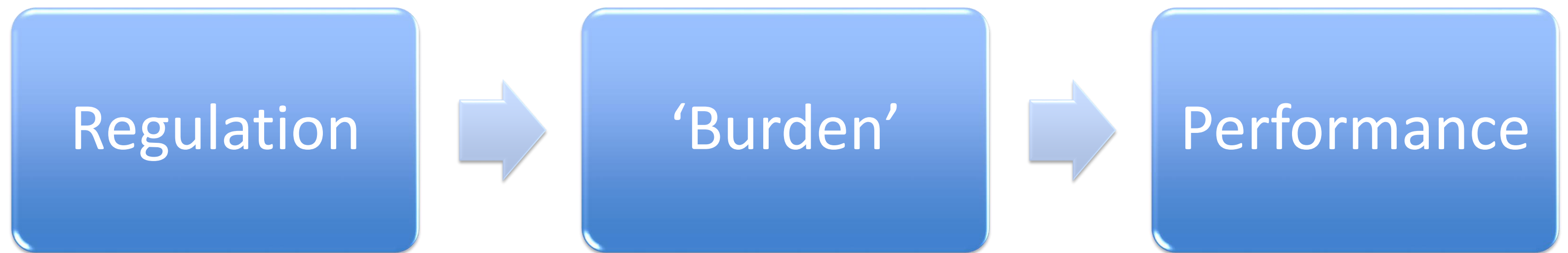
- Regulatory reforms in logistics and trade facilitation
- Impact of regulatory trade-facilitation  
regulatory reform on trade: gravity model
- ASEAN Trade Facilitation Index: conceptual model



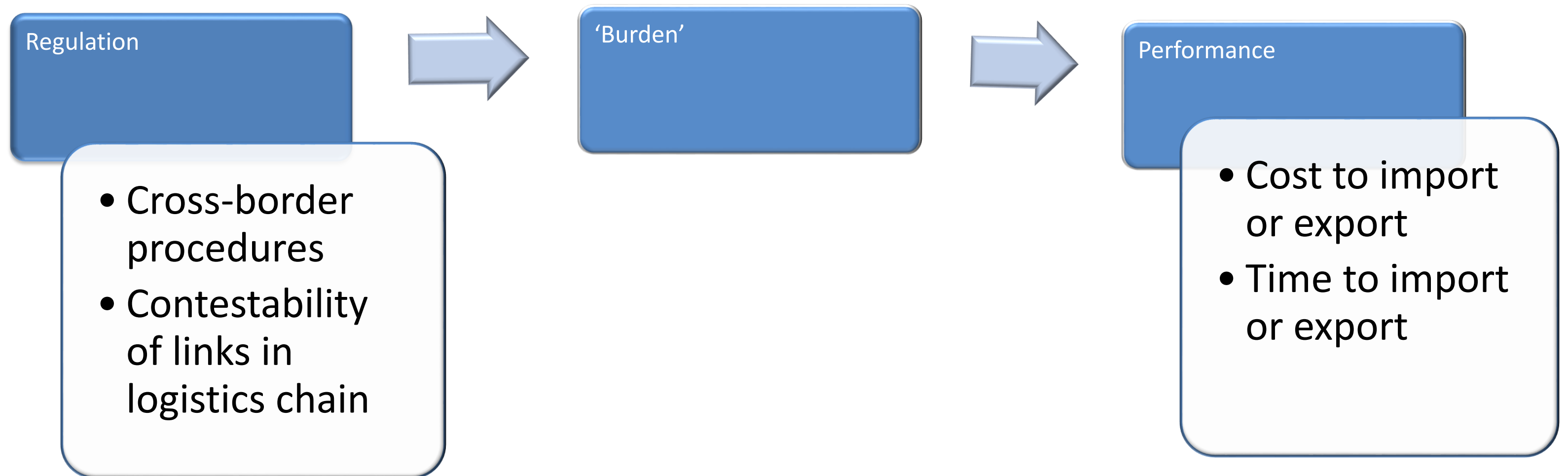
# Regulatory reforms in logistics and trade facilitation



# Why regulation matters



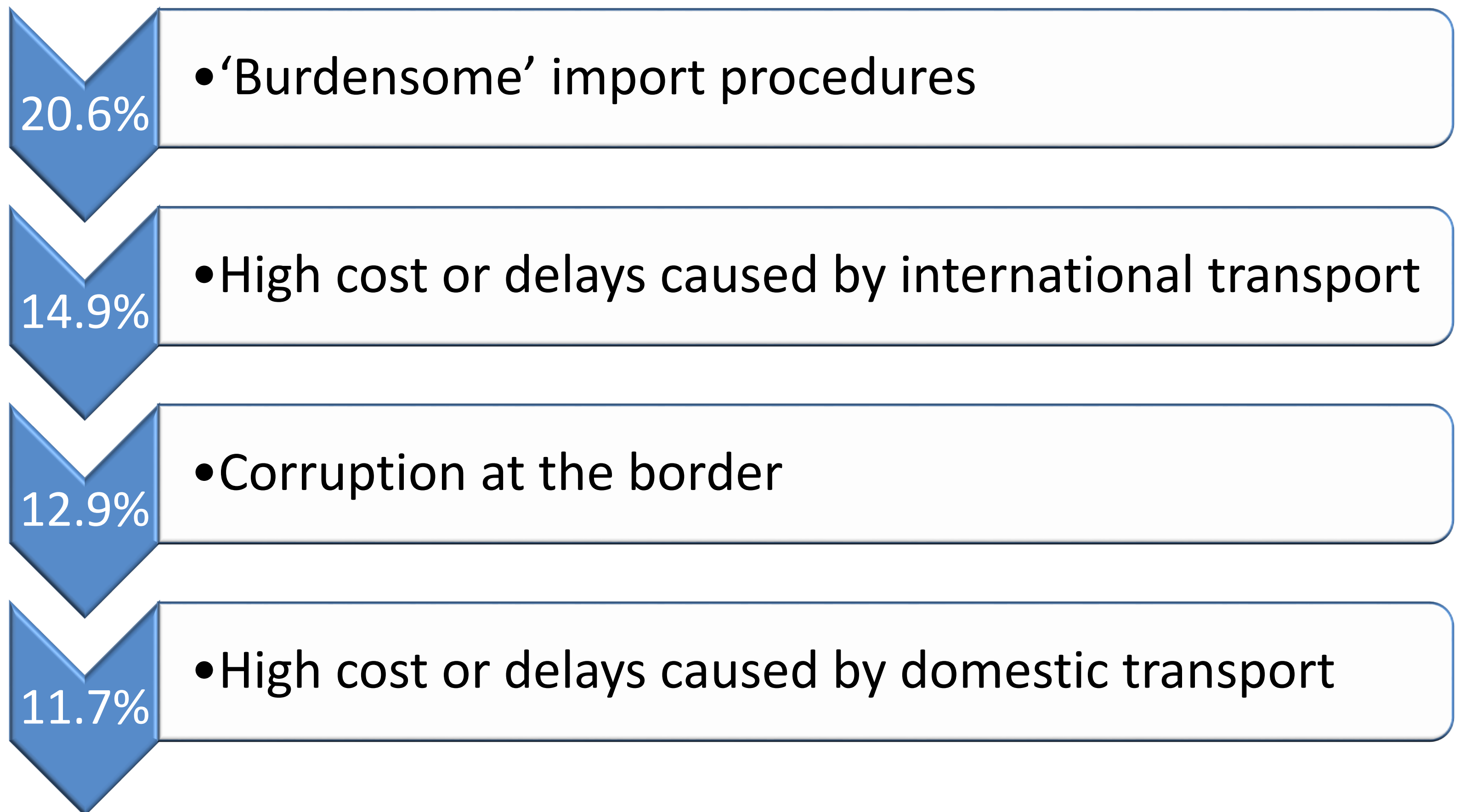
# In Logistics and trade facilitation





# 'burden' DEFINED by CEOs of major corporations

(average % of responses across ASEAN countries)



# 'Burden' DEFINED BY ASEAN LSPs

## Burdensome import procedures

- No customs EDI
- No de minimis level
- Import licensing
- Rate of physical inspection
- No customs appeals
- Customs clearance times
- Customs operating hours
- ETC ETC

## Contestability of links in transport chain

- Restrictions on hours of truck operation
- Restrictions on equity participation in logistics
- Licensing restrictions in logistics
- Cabotage restrictions in air transport
- Difficulty of firing
- ETC ETC



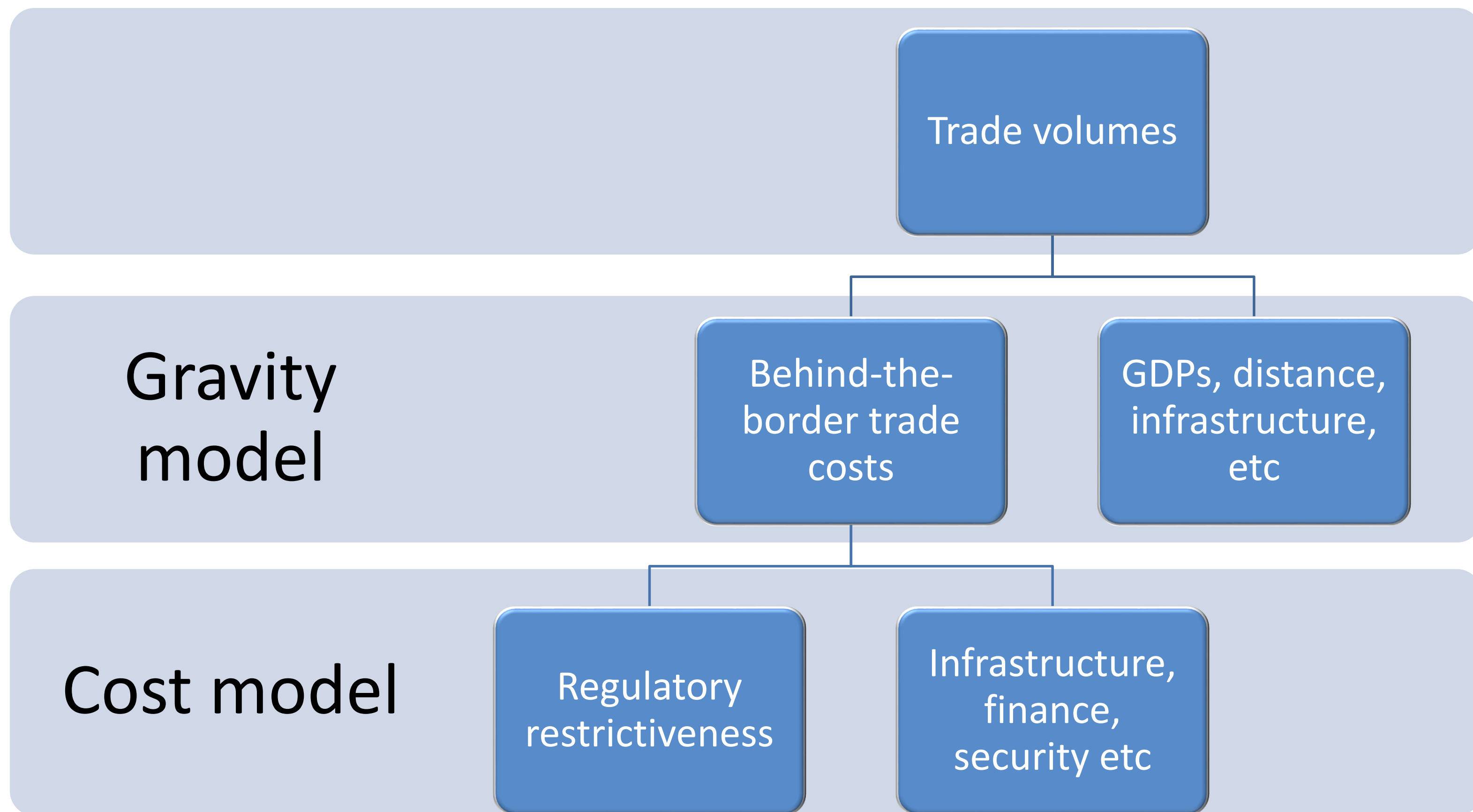
# Impact of regulatory trade-facilitation regulatory reform on trade:

## Gravity-model analysis





# Assessing IMPACT ON TRADE



# FINDINGS – gravity model

## Trade volumes higher when

- behind-the-border dollar costs lower
- behind-the-border time costs lower
- international transport connections denser



# FINDINGS – cost model

## Dollar costs lower when

- customs procedures less restrictive
- transport links more contestable
- finance services better

## Time costs lower when

- customs procedures less restrictive
- fewer documents required



# Some factors have mixed effects

Business IT use

- Reduces time costs ...
- at expense of higher dollar costs

Better security

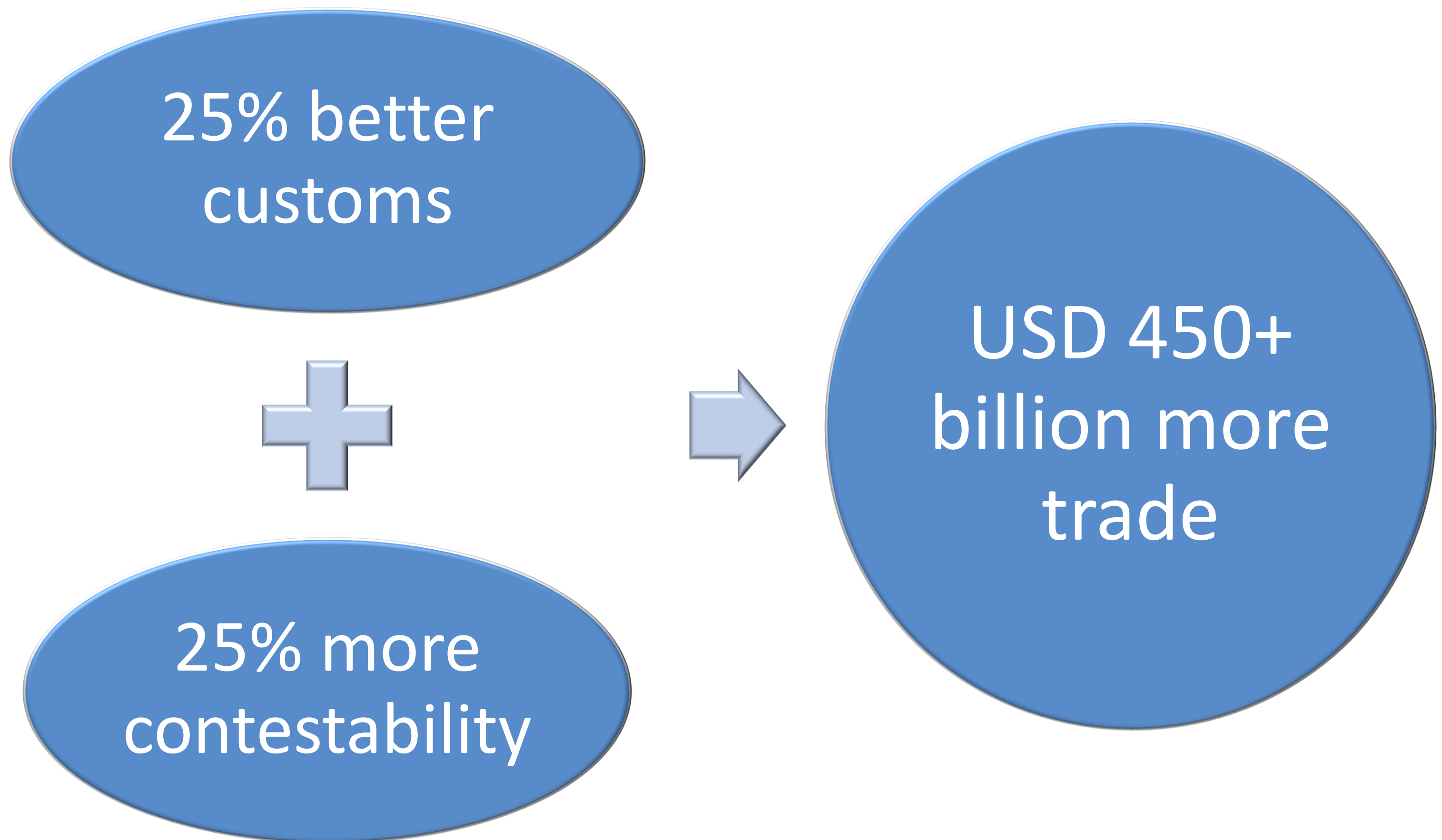
- Reduces dollar costs ...
- at expense of higher time costs

Less corruption

- Raises dollar costs ...
- and time costs (corruption as a facilitator)



# Quantifying the GAINS FOR ASEAN





# ASEAN Trade Facilitation Index:

## Conceptual model



# ASTFI Method

1. ASEAN-specific set of indicators
2. Designed to measure the extent to which trade is being facilitated in the region
3. Built to assist AMSs in their efforts to design and implement policy, regulations and procedures that render the import and export of goods more seamless.
4. The indicators are constructed to mirror the Customs chapter of ATIGA, ASEAN TFF, Protocol 7 of AFAFGIT, CSAP in its relevant sections, the ATF SAP (initial draft), and the TFA (aspects of the TFA that are not covered by ATIGA).
5. This is an inclusive set of indicators, in the sense that it takes into accounts global baseline agreements and is not merely inward-looking.
6. ERIA's ASEAN STFI is therefore a new instrument, primarily aimed at AMSs, and based on ASEAN agreements and plans as well as best international practices. The ASEAN STFI is both geared to ASEAN circumstances and in some respects goes beyond what are in the TFA based indicators like OECD TFI.
7. ASEAN will be able to compare its TF indicators with internationally used indicators.
8. ERIA will identify the ASTFI variables that are closely correlated with selected international indicator(s) by computing simple correlation ratios. Then, having identified a set of international indicators that are closely related with ASTFI, we will be able to determine the relative impact on trade between the global and ASEAN indicators.



# DATA Sources

- The primary source of data will be the results of questionnaires that ERIA will undertake primarily with its RIN (Research Institute Network) members. Additionally, where necessary, and to verify the accuracy of such data, ERIA's research team will also conduct in-house verifications (using both quantitative and qualitative methods) to assist with the scoring of a limited number of variables.
- The questionnaires will be addressed to both government agencies and the private sector (trade associations, chambers of commerce, ABAC, etc.). In those cases where RIN members are deemed unable to carry out the task, other international consultants may be contracted to disseminate the questionnaires.



# Components

- The set of indicators is grouped into the following key sections:
  1. Transparency and information on laws, regulations and procedures
  2. Communication with and active engagement of the private sector
  3. Release and clearance formalities
  4. Import/Export formalities
  5. Transit facilitation
  6. Transport facilitation
  7. E-commerce
- Note: The list of sections above covers much of what is in the ASEAN Trade Facilitation Framework and expected to be in the ATF SAP. It covers not only customs and trade formalities (which are at the core of trade facilitation) but also transparency, engagement with the private sector, transport and transit facilitation, and e-commerce. (Based on the agreements during the 17 July mini-workshop, the variables for goods facilitation (i.e., SPS, S and C) and capacity building were scrapped.) The choice of the variables is strategic, focusing on critical variables that are central to a well performing trade facilitation environment that is needed for seamless export and import.



# Thank you for your attention

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