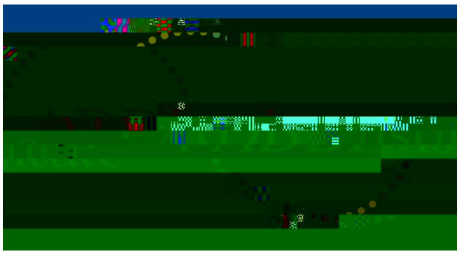

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satisfied by trade from outside rather than from within the region. Import demand in countries in South Asia in particular continued to expand in 2012–2013 despite declines in exports, thus in many cases increasing their balance of payments deficits.

In essence, the growth of the South and Southeast Asia economies predicted for future years is expected to generate trade demand on the global markets as a whole, rather than merely within the South Asia Subregional Economic Cooperation (SASEC) or the Greater Mekong Subregion (GMS) in isolation. Enhanced physical connectivity, including the excludes traditional trade instruments such as tariffs, import quotas, and other non-tariff barriers." This definition places emphasis on the facilitation of trading processes in general, rather than on those specifically incurred at the borders. More importantly, it links directly with service standards used in transport and logistics—the complex blend of cost, speed, and reliability.

Changes in international trade logistics, whereby the service package can cover the total movement from export source through to importer's warehouse or even to the point of sale, suggests that trade facilitation is more than merely its border transaction function. Although problems with trade facilitation often manifest themselves most visibly in the form of physical delays at borders, the basis for those constraints often relate to behind-border issues. The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) model, referred to as the Buy-Ship-Pay model (Figure 1), describes a total transaction approach to trade facilitation in line with modern trade logistics, with a wide range of activities coming under the umbrella of trade facilitation. In practice, existing donor facilitation programs usually focus more toward the activities in the center international, legislation. Thus, the various border “control” agencies are mandated by the various national acts, regulations, or in

The World Bank also publishes a Logistics Performance Index (LPI) that measures how efficiently trade is being moved. It is based on a worldwide survey of operators (global freight forwarders and express carriers) in 155 economies and provides feedback on the logistics "friendliness" of the economies in which they operate and with whom they trade (Figure 3).[5]

Lao PDR = Lao People's Democratic Republic.

Source: World Bank Doing Business (2012).

Trade between the two regions is expected to remain predominantly by sea, but with an increase in intra-regional trade by surface transport, provided the infrastructure can be significantly enhanced (Arnold 2009).[6] However, trade facilitation is generally non-modal specific, where the processes and procedures applied by the relevant agencies are common to each mode. For instance, while airports often have some expedited processes, and ports have special port procedures, the customs and other governmental agency practices are virtually identical. Similarly, procedures apply generally to all import or export movement, almost irrespective of country of origin or destination. Despite some variations in the case of bilateral trade between neighboring countries, particularly involving free trade agreements (FTA), most documentary and physical compliance checks are broadly similar. Therefore, trade facilitation in most countries should be considered in relation to overall trade, rather than to or from another region in isolation.

With the exception of the landlocked countries of Bhutan, Lao PDR, and Nepal, all other countries in the region are highly dependent on maritime trade through their ports; their trres o9(i)2.6(dent6(

Identifying specific issues in South and Southeast Asia, consisting of up to 15 countries, each with their individual trade facilitation environments, is difficult. Consequently, the focus is on identification of a number of key issues present in most of the countries. In practice, these constraints or NTBs are most prevalent in those countries with the lower rankings shown in Figures 2 and 3. While the high number of NTBs highlighted below reflects the complexity of the issues and the number of countries involved, it should not be interpreted as indicating that problems abound. While there is general recognition that both regions have ongoing trade facilitation issues, this situation should not denigrate the gradual improvements in trade facilitation being achieved in many of the countries. These issues merely indicate that further progress is needed to keep pace with changes in an increasingly competitive global trade environment, whose standards are being set by countries such as Singapore and Malaysia.

As indicated, many of these trade facilitation constraints are common throughout both regions, but their specific impact may vary nationally due to differences in legislation, the

Table 1 shows the number of separate document types required in different South and

those being offered within the private sector. Some countries, like Bangladesh for example, find it increasingly difficult to attract IT specialists to work within customs given these limitations. Moreover, with the growth in web-based applications, existing personnel become more "marketable" to the private sector and leave. In some of the landlocked countries like Bhutan and Nepal, it is also becoming increasing difficult to find IT specialists, as they either work in the private sector or have moved to other countries.

Single Window

Linked in with the development of ICT systems is the concept of national and regional "single windows." Single window is "a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once. The main value proposition for having a single window for a country or economy is to increase efficiency for traders, through time and cost savings, in their dealings with government authorities to obtain clearance and permit(s) for moving cargo across national or economic borders. In the traditional pre-single-window environment, traders would have had to deal with multiple government agencies at multiple locations to obtain the necessary papers, permits, and clearances to complete their import or export processes.

The development of a regional single window by 2015, as promoted by the Association of Southeast Asian Nations (ASEAN), is dependent on all the member countries having national single windows (NSWs) that can be interfaced with a regional window. As in other cases, the central countries of Singapore, Malaysia, and Thailand are leading the way with NSWs already having been established, while further east, NSWs are still in the planning phase with the 2015 target becoming increasingly unachievable, and 2018 appearing like a more realistic implementation date. To the west, only India is currently engaged in developing a NSW, and this is limited at this stage to linking customs with only one other agency. Thus, it can be seen that the goal of NSW tends to replicate the overall ICT situation, whereby those customs authorities with a more advanced application of automated systems are moving even further ahead by developing NSWs, leaving the less developed customs behind at the planning stage.

Lack of Transparency and Unclear Import–Export Requirements

Modern customs operations—and to a major extent trade facilitation—is about "informed compliance." Under this concept, traders who "comply" with the appropriate legislation and regulations on a regular basis should be entitled to a facilitated service, usually in the form of expedited clearances. In order to be compliant, it is essential to be aware of the import, export, and transit requirements. Previous studies on trade facilitation have highlighted the governance issues arising from a lack of transparency, but this problem often arises from inadequate publication of clear import–export requirements.[11]

Non-compliance can either be deliberate, as in the case of "smuggling," or accidental, whereby a genuine error has been made because the rules were either not clear or were misinterpreted. The latter cases are by far the most common, especially in an environment of large numbers of one-off importers or small traders, as well as many small C&F agents with limited experience. While the most familiar documentation problems are simple typing errors during the entering of data or in the transposition process, there are many instances of the submission of incorrect supporting documents or the lack of them. The latter occurs principally because the relevant party has failed to comprehend what was required.

There appears to be an indirect relationship between access to trading requirements and levels of ICT usage. Those countries with complex single window operations provide easier public access to their trading requirements, while countries with low ICT or where ICT is

[11] ADB (2002).

used solely as a transaction database, the requirements are often more difficult to access. Access to regulations applying to imports relating to the non-customs border organizations have often been cited as a problem; many of these organizations do not have their own websites and have low ICT accessibility in general. Donors have recognized a lack of trade portals in many of the countries in both regions. Both ADB and the World Bank are currently helping to establish such portals in both the GMS and SASEC subregions.

Legislative Constraints

Customs legislation normally consists of primary and secondary legislation. Primary legislation principally sets out the role and responsibilities of customs, and the overarching principles in relation to how they undertake these functions. This is most often in the form of a customs act or customs code and usually has to be approved by parliament. Secondary legislation addresses the details of how the primary legislation is actually applied and consists principally of regulations and instructions. These are normally written and approved by customs or their governing ministry. Developed countries generally minimize the amount of primary legislation to incorporating principles, thus leaving the implementation aspects to the regulations. This approach means the primary legislation is more concise and static, being changed only occasionally. The main advantage of this approach is the flexibility to make changes to regulations by customs themselves in response to operational needs without having to constantly revert to parliament.

In many developing countries in both South and Southeast Asia the primary legislation is much more comprehensive incorporating additional detail, including secondary legislative coverage. While on the one hand this means parliament has more control over implementation of activities generating revenue for the national budget, on the other hand the price of this centralized control is less flexibility to make even minor changes because of the need for parliamentary approval. Legislators normally wait until there are a significant number of changes required before drafting and proposing a submission to parliament. Introduction of modern customs practices is not only inhibited by the absence of supporting legislation, but under the existing legislation many of these new RKC concepts are often not permitted in the first place. The timeframe for introducing new or amended primary legislation via parliament is considered to be approximately 3–5 years (ADB 2011).

Compliance with National Technical Standards

One of the challenges facing the international trading system in general is the diverse conformity assessment practices and the persistent use of individual standards and approaches in different countries. Conformity assessment is the internationally recognized showed that sanitary and phytosanitary technical barriers are the most frequent NTBs, as far as the SAARC countries are concerned. Indications are that in the GMS region similar issues are commonplace for certain products such as rice and other food products.[12] To so large that manning and effective "control" are becoming potential issues for the relevant border authorities.

In developed countries congestion is alleviated by the presence of inland clearance depots (ICDs), at which the final clearance takes place "inland" from the border, and the border crossing acts only as a "check point". This speeds up the processing appreciably, as it means that only the driver and vehicle, but not the cargo, are checked at the border. In both South and Southeast Asia the use of ICDs is limited. In countries like Bangladesh, India, and Thailand the ICDs are mainly connected by rail with their seaports. This is because the state railways have become "custodians of the cargo" in transit between the port and the ICD, and rail transit is seen as more secure than road transport. While there is pressure to speed up the processing by the removal of cargo from the border to an inland point, the respo b75 ng

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predominantly use their national carriers. Where through-transport is allowed, such as between India–Bhutan and India–Nepal, Indian carriers tend to dominate the transport.

to expedite processing of documents and signatures to achieve a faster clearance. However, it may also include the issuing of non-essential certificates, avoiding examination and inspection routines or fees collected for using the examination facilities when no examination has actually taken place. Generally, coercive fraud tends to consist of relatively small amounts that are paid in cash to individuals. In some economies this is perceived as an accepted element of the clearance routines.

2010 Ranking	2009 Ranking	2008 Ranking	Economy	CPI 2010 Score	CPI 2009 score	CPI 2008 Score
1	6	5	Singapore	9.30	[redacted]	

The second form, collusive fraud, arises when an individual officer or office “colludes” with the importer or his agent to defraud the government of legitimate duties and taxes. The most common form is reclassification of a product so that the duty rate is lowered, or waivered, for example by declaring it as a government or nongovernment organization (NGO) import. In general, this type of fraud, though less common, is a bigger problem: the potential amount of lost revenue can be more significant and the possible benefits to individuals greater. It is also more difficult to address, as it often involves more senior officials. Localized cross-border trade, which is common across many parts of Asia, is particularly susceptible to this type of fraud.

The major concern is that there is widespread acceptance of such illicit practices in some economies, whereby it has reached a stage that such activities are considered to be the rule rather than the exception. Hence, there appears to be limited action taken in many countries to address governance and integrity issues, despite corruption being seen by the public as the primary reason for their negative image of the border authorities. In some economies, such as Indonesia and the Philippines, some external assistance has helped address such issues, but essentially any effective remedial action needs to be internally led.

However, it is important to balance this adverse perception in the public sector with the private sector, as represented by importers, exporters, and their agents. For an illicit transaction to ilenl(.6(c)-.6(y)8.9(I)-80.5(ttBs)-141 TD[(pr1 TD[(pr)-6.6(or)-6( )1d0.6(ans)-2(ac7.9(,2.6(m) cooperation, customs in the SASEC and GMS countries meet regularly as members of the World Customs Organization (WCO), in addition to their participation in initiatives promoted by the IFIs and regional organizations such as ASEAN, SAARC, and UNESCAP. However, such meetings generally tend to be high level and therefore contain a “political” dimension; rarely do they involve discussion of issues related to bilateral enhancement of trade facilitation between their respective subregional countries. At the border level the customs and immigration authorities meet their counterparts relatively frequently to discuss operational problems, often on an ad-hoc basis. However, their authorization to adjust procedures is limited. To address the gap between these high- and low-level meetings, a common solution promoted by the various IFIs has been to establish regional customs cooperation committees (CCCs) to focus on common regional aspects.

While the overall concept of forming customs cooperation committees is actively supported by both the WCO and the IFIs, its application is more problematical. The first key issue is identification of a practical program for the CCC that effectively bridges the gap between the high-level and border operational functions, such that the CCC generates visible outputs. Existing CCCs focus predominantly on confirming external capacity building training initiatives and presenting national situation reports, rather than enhancing cooperation between the individual members. The second issue is that with the plethora of regional initiatives, as well as the WCO, the smaller countries have increasing problems in making the necessary senior personnel available to attend all the various meetings.

Effective consultation between trade facilitation stakeholders, consisting of the border agencies and C&F agents, forwarders, and transporters, is also lacking in many of the countries. Unlike more developed countries, the border agencies in most parts of the GMS and SASEC subregion are still predominantly orientated toward “control” and revenue collection functions, as opposed to trade facilitation. Therefore, the need to converse with the private sector may not be seen as particularly important. As the private sector is operating in a “commercial” environment and attempting to minimize transaction costs, businesses often have a strained relationship with the border agencies, particularly customs. The result is a limited degree of trust between the public and private parties that would enable the formation of an effective cooperation mechanism to the mutual benefit of both parties.

Where trade facilitation committees (TFCs) have been formed they have often been established with good intentions, such as to offer a forum whereby the two parties (public–private) can mutually discuss issues. Unfortunately, constraints on both sides often compromise this objective. On the one hand, customs feels that it is perceived by the private sector as a “complaints mechanism”; on the other hand the private sector tends to raise issues affecting them as individual operators, rather than issues

Value of Time in Trade Facilitation

One of the “drivers” of enhanced trade facilitation is the often-cited expectation that it will reduce transaction costs by allowing faster transits, particularly through the borders. This is largely based on the concept of “time costs money,” which is predominantly a developed country philosophy. This concept is often used in feasibility studies related to the development of road and border infrastructure. Unfortunately, the reality in both regions is that such time-saving may not necessarily be reflected in lower costs.

In relation to inland transport costs, a good example is that of road traffic from Kolkata to Nepal. Once the goods are cleared for transit, the forwarder applies for transport, a truck is appointed by the local cooperative, and the goods are loaded, normally all within the same day. However, instead of the load moving directly to Nepal, the driver will often divert home for 1 or 2 nights because he or she has already been queuing for up to a week outside the port. Only when the driver has found a load does he or emhe orim10.6(n6.6(r)-6(o0 Tc 0-6.6(.9(h2(edom)
app.n tortorsts9(m)-ausrl10.9(O)1.1-,mial9.5(a)16(t)-6.6(s-6(ans)-2(i)p)5(18.9(.)-bu.6(n us)-)29.9(ul)2.6.5(

patterns gradually alter and countries become able to supply others within their respective regions without the current high reliance on external trade with developed countries.

The development of trade facilitation is expected to follow a similar pattern, with overall regional enhancement but significantly differing levels of progress being achieved in individual countries within each of the two regions. This has been the situation over the last decade and is not expected to change radically. The overall concept of most of the regional initiatives is to provide a framework for change on a regional basis, rather than relying on national initiatives that address only national NTBs. Unfortunately, the curre.es6e tre.esihat a funding,Tdrand levels of auia0.5(2( )-(r)-5.)-6.6(M)156d0any regional initiatives e prog2.8(6(m)-6(m)-5.9(e national i(r) .1(2y11.f)-6.6(i)7.6(onal)25.9(ea)10.6d0.5(2( )-(r)-5.env)8.9(i)2.6(r)-6(onm)-5.9(e9)-(i)hc.

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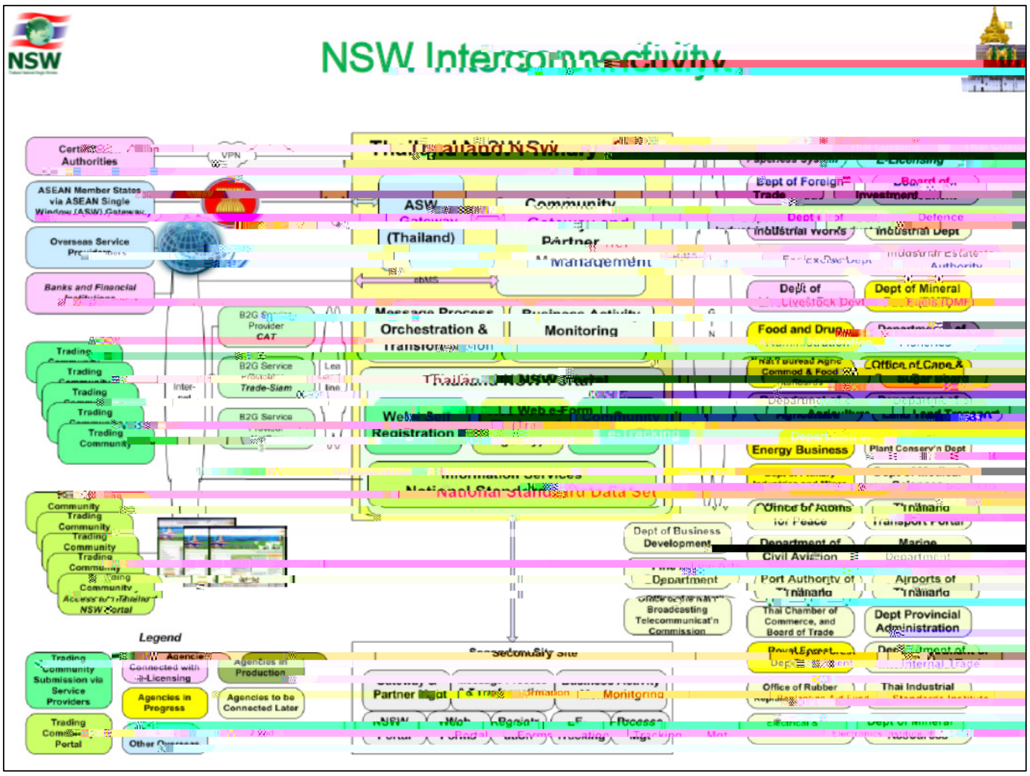
generates an element of commitment by member states to common regional goals. Achieving these regional targets is often more difficult than national goals. Therefore, many of these initiatives are long term, and designed to help the less developed countries, thus raising the standards of the region as a whole. The objective in many cases is to stimulate intra-regional trade by the elimination of nationally-derived NTB, as a route to improving the trade facilitation environment in general, irrespective of trade between particular regional partner countries.

Association of Southeast Asian Nations Single Window

The ASEAN Single Window (ASW) is a flagship regional initiative designed to connect and integrate the NSWs of member states in Southeast Asia. The objective is to expedite cargo clearance within the context of increased economic integration within ASEAN. Its implementation should ensure compatibility of NSWs with international open communication standards, while also making certain that each of the member states can then exchange data securely and reliably with any trading partners using international open standards. The goal of the i(l)2.6(9a)10.5(n t)-6.6(52 TD)231.4(t)-0.004 Tw 0..231.4nt:2(nt)2.6w5 -1.1512(s)e2(.6(nt)-1[(g)-14.i) planning, proactive consultation with all parties including the private sector, and avoidance of using technology to drive the initiative. Figure 5 shows the architecture of the Thai NSW, and clearly demonstrates both the complexity of such systems and the high number of participants required to establish an effective single window.



Source: Royal Thai Customs.

However, the significance of the ASW initiative may not lie in achieving its ultimate goal of a linked regional system. Its primary benefits may be realized in the development of NSWs as part of the process toward an ASW, particularly in the countries to the east of the central Thailand–Malaysia–Singapore corridor. The ASEAN initiative provides the development framework and is driving those countries currently without a NSW to develop them, ideally by 2015. Achievement by the deadline is probably less important than the motivation it provides in ensuring the member countries are actively engaged in the NSW planning process and have a real level of commitment to the process. In South Asia there is no similar regionally-based equivalent under SAARC or any other party, and prioritization of NSW development is significantly less visible. Only India is actively engaged in the NSW planning process, though ADB plans to assist other SASEC countries in developing their NSW with a regional system such as ASW as the ultimate goal.

Cross Border Transport Agreement

The CBTA developed under the GMS program represents the major focus of ADB trade facilitation efforts in the GMS subregion in recent years. It is an accord consolidating key non-physical measures for efficient cross-border land transport into a single legal instrument. It consists of three tiers: (i) a main agreement containing the principles of the system, which is then (ii) supplemented by a set of annexes and protocols containing technical details, and finally, (iii) bilateral and trilateral memoranda of understanding (MOUs) provide detailed arrangements to implement the CBTA in a subset of GMS countries.

In addition, the CBTA includes mechanisms, which (i) enable vehicles, drivers, and goods to cross national borders through a GMS road transport permit system; (ii) avoid costly transshipment through a customs transit and temporary importation system by including a guarantee system for goods, vehicles, and containers; (iii) reduce time spent at borders through single-window inspection, single-stop inspection, communication equipment and systems for information exchange, risk management and advance information for clearance; and (iv) increase the number of border checkpoints implementing the CBTA to maximize its network effects and promote economies of scale.

Initially, the CBTA was more of a transport facilitation instrument than a trade facilitation agreement. Indeed, one of its primary functions was to promote the development of through-road transport to eliminate the need for time-consuming and costly delays in having to transship cargoes at the border (mechanism [i] above). In general, it is subservient to specific international conventions signed by member states, such as the RKC and other CIQS conventions, as well as to national legislation. Thus, implementation of the CBTA has to take into account compliance with other agreements and international best practice.

In practice, implementation of the CBTA in the GMS has been much slower than originally expected. Its main focus has been the promotion of through-transport arrangements by means of issuing permits, in line with its core function to support international road transport operations. In this regard there has been some tangible success, such as the issuing of permits for transit through the Lao PDR and Cambodian borders with Thailand and Viet Nam. Unfortunately, indications are that many of these permits have been issued to tourist bus operators rather than to freight carriers. In general, most access agreements have been achieved on a bilateral rather than a multilateral basis. Both Myanmar and the PRC have more recently signed the CBTA and many of its Annexes, thus representing a key step forward, especially in terms of long-term connectivity between the two regions.

SASEC Trade Facilitation Program

In November 2012, the SASEC Trade Facilitation Program was initiated, supported by ADB through a budget support loan or grant of $47.67 million–$21 million for Bangladesh, $11.67 million for Bhutan, and $15 million for Nepal. The program's objective of enhancing the processing of cross-border trade is to be pursued by (i) developing modern and effective customs administrations that focus on assisting the three beneficiary countries in acceding to, and complying with, the provisions of the RKC, as well as helping them apply the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE); (ii) streamlining and making transparent regulations and procedures, which involves the development and upgrading of automated customs management systems, including the establishment of NSWs; and (iii) improving services and information for traders and investors through the development of trade portals and the establishment of trade facilitation committees in each country.

The overarching SASEC Trade Facilitation Strategic Framework (2014–2018), builds on the gradual momentum of the past 3 years to forge the significant improvements needed to facilitate, and ultimately increase, trade in the subregion and with the rest of the world. The goal for the period 2014–2018 is to increase intra-regional trade facilitation efficiency and reduce the time and cost of trade. The ultimate strategy is to elevate the practice and processes of border clearance to international standards and international best practice, including through automation. While trade facilitation is now a high priority at the national
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longer to implement than initially planned, with potential knock-on effects for NSW development.

Asian Cargo Highway

The Asian Cargo Highway concept evolved from the Japanese Finance Minister’s announcement at the APEC Ministerial Conference in November 2010. It embodies a trade facilitation initiative focusing on customs modernization with the Government of Japan contributing up to $25 million to ADB for trade facilitation in Asia from 2011 to 2015. The ultimate goal of this initiative is to create a seamless flow of goods in Asia through: (i) development of an Authorized Economic Operator (AEO) program in each country; (ii) conclusion of mutual recognition arrangements (MRA) for the AEO programs; (iii) establishment of a NSW in each country; (iv) expansion of international inter-operability between systems; and (v) other basic trade facilitation reforms that are necessary for modern customs administrations. This is essentially a customs capacity building initiative involving ADB, JICA, and the WCO under the auspices of the Japanese Customs and Tariff Bureau, specifically focused on Southeast Asia.

The Asian Cargo Highway is a rolling technical assistance program that commenced with “Trade Facilitation Support for ASEAN Economic Community Blueprint Implementation,” which was approved in May 2012. Its objectives are to support the benchmarking of trade facilitation indicators, enhance and modernize border agency operations, improve the legal and regulatory framework, and strengthen trade facilitation institutions and capacities. Extra assistance has been provided specifically to Myanmar under this component.

Additional approved components include a review of the regulatory frameworks and operations in the context of the RKC, including knowledge enhancement and the development of mechanisms to increase private sector support for the improvement of trade facilitation in the GMS6(a)10.6()4.2(MCID 3 g)-11.2(ul)(r)-6(a)10.53ly or.7(i).6(c)-2(h)0b-11.2(ul)(rr)-6(a building, particularly though the development and application of training programs. In some cases this is facilitated and funded by ADB. Given that many regional initiatives are focused on raising the standards of the least advanced countries, structured capacity building programs are seen as critical to their implementation.

With two areas as diverse as South and Southeast Asia it is difficult to provide conclusions applicable to all countries that specifically relate to enhancing connectivity between the two regions. Nevertheless, it is evident that land links between the two regions, other than bilateral trade, are unlikely to be able to handle appreciable levels of trade in the short to medium term. Distance, the state of the infrastructure, and lack of heavy transport capacity combine to make the land route between the two regions commercially unattractive at present. However, such a link is seen as strategically important with potential in the longer term. Therefore, as trade facilitation enhancement takes significant time from planning to implementation, early action is recommended. The 15 conclusions identified below provide an indication of the primary issues in assessing trade facilitation in the context of connectivity between the two regions:

i. Connectivity between South and Southeast Asia is currently not constrained by adverse trade facilitation environments in either region. The low level of international trade between and within each of the regions is predominantly due to other trading factors, such as similarity in export products, and emphasis on trading with distant markets perceived as being more remunerative. While trade within and between the two regions is expected to grow appreciably, this will principally be determined by changes in supply–demand patterns. Nonetheless, improvements in trade facilitation would make trading both easier and more stable, with potentially lower transaction costs, and should enable the realization of any trade between the regions that is currently latent due to the current NTBs. The case for overall enhancement of the trade facilitation environment in support of economic growth in both regions is compelling.

ii. Development of trade facilitation is essentially a national issue, rather than a regional one. In general, the national trade facilitation procedures are relatively common and do not discriminate between the origin or destination of the cargo being processed. While there may be minor variations due to the application of bilateral or regional FTAs, the processes, procedures, and NTBs are common to trade in general. For example, the automated customs system deals with all customs entries irrespective while such automation has simplified customs and improved performance, in many cases users cite that they still have to amass the same supporting documentation and perform the same routines. The overall profile remains one of crowded customs offices with agents carrying piles of papers from one processing window to another. Hence, reliance on a single strategy of IT development will need to be augmented by other measures.

v.em

Bank can play a key independent facilitating role in bringing the various parties together and providing technical advice where appropriate. They can also assist in introducing automation to other border agencies where current utilization of IT is negligible.

x. Development of through-transport may be particularly difficult and should not be underestimated. In addition to the (on t)-7upsistance to change, there is understandable opposition by the smaller countries to opening up their road network to foreign transport, and a feeling they will be dominated particularly where trade imbalances exist. In South Asia, the CBTA may not be the appropriate mechanism to link India with Bangladesh, or India and Bangladesh with Myanmar, however some elements of the CBTA such as annual permits may be useful tools. The use of new technologies, others—like India—by the adoption of standard designs such as the ICPs. Thus, major constructions inherently suggest that border clearances are here to stay.

xv. Transit is likely to become an increasingly important issue in connecting the two regions, both for inland and international transit. On the one hand it will be critical to move shipments from the frontier, be it a port or land border, to an “inland” point for clearance. This is to eliminate congestion at the frontier, to move cargo through countries to serve landlocked nations, or ultimately to undertake multi-country journeys such as from Thailand to India. In some countries, but not in others, there are inland transit arrangements, and where arrangements do exist they are often suboptimal in expediting transits. For either region to be able to cope with the predicted growth, it will be essential to develop mechanisms to facilitate the movement of uncleared cargo away from the immediate border interface.

infrastructure issues.

vi. In order to pursue the goal of through-land transport between the regions specific assistance may be required for Myanmar, whose trade facilitation environment is not currently compatible with its trading partners to the east or west.

vii. In trade facilitation programs in both regions due consideration should be given to potential legal aspects. Proposals for changes in procedures and capacity-building initiatives in the past have been compromised by the inability to later implement change due to legal constraints.

viii. When requests are made for the funding of new border infrastructure, a critical assessment of the functionality of the border crossing and its design should be undertaken. Current methodologies potentially lead to excessive expenditure on border facilities without any tangible benefits to users.

ix. There is a need for development of more effective internal transit systems to reduce congestion at the frontiers and to be able to provide surface transport linkages between the two regions.

x. It is recommended that there be a gradual transfer of emphasis from customs reforms towards addressing more of the non-customs issues, such as sanitary, quarantine, phytosanitary, veterinary, and trading standards. This will require identification of a few key components to address, rather than attempting a blanket approach. This might even include the development of regionally-based testing facilities to support national laboratories, such as that being proposed at Siliguri to cover the SASEC countries.

xi. There needs to be a clearly-phased program for trade facilitation efforts to connect the two regions based on a combination of national or subregional developments, but within an inter-subregional connectivity framework. Currently, trade facilitation developments are diverse in both regions and there is a case to be made for providing an element of synergy between initiatives.

The recent WTO Trade Facilitation Agreement agreed in Bali in December 2013 reflects the importance of trade facilitation in its key role of promoting global trade. Unfortunately, while such agreements tend to be non-binding, nevertheless they provide a general focus on many of the issues discussed above, and generate a collective emphasis on resolving such issues. Many developed countries and IFIs have already responded by promising support to the less developed countries in assisting them to comply with the tenet of the agreement. It may be that the agreement is less relevant to the connectivity between South and Southeast Asia in that both regions have some countries whose trade facilitation environments are already advanced and others where relevant initiatives are underway. The agreement does, however, provide a context for these developments within a global framework.