



Trade facilitation and paperless trade implementation in Latin America and the Caribbean

Regional Report 2017



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ECLAC



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Contents

Preface	9
I. Executive Summary	11
II. Introduction	15
A. Background and objectives of the Global Survey on Trade Facilitation and Paperless Trade Implementation, 2017	15
B. Survey and Methodology	17
1. Structure of the Global Survey	17
2. Country participation, data collection and data validation	19
III. Implementation of trade facilitation and paperless trade measures in Latin America and the Caribbean	21
A. Overview	21
B. Transparency measures	28
C. Formalities measures	30
D. Institutional arrangements and cooperation measures	33
E. Paperless trade measures	35
F. Cross-border paperless trade measures	39
G. Transit facilitation measures	42
H. Trade facilitation for small and medium enterprises	45
I. Women in trade facilitation	46
IV. Notable achievements and common challenges in implementing trade facilitation and paperless trade measures in Latin America and the Caribbean	49
V. Conclusions and way forward	51
Bibliography	53
Annex	55
Tables	
Table 1 Questions in the Global Survey on Trade Facilitation and Paperless Trade Implementation, 2017	17
Table 2 Countries and government agencies participating in the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017	20
Table 3 Membership of LAC countries in trade agreements including trade facilitation commitments, 2017	24

Table 4	Most and least implemented trade facilitation and paperless trade measures in Latin America and the Caribbean, 2017	27
Table 5	Average implementation of SME-oriented trade facilitation measures in LAC and its subregions, 2017	45
Figures		
Figure 1	Latin America and the Caribbean and OECD (high income members) average time and cost to export, 2016	16
Figure 2	Overall implementation rates of trade facilitation and paperless trade measures in 21 LAC countries, 2017.....	21
Figure 3	Overall implementation rates of trade facilitation and paperless trade measures in 15 LAC countries, 2015 and 2017.....	22
Figure 4	Per capita GDP (2015, PPP) and implementation rates of trade facilitation and paperless trade measures in 21 LAC countries, 2017.....	23
Figure 5	Minimum, average and maximum implementation rates of trade facilitation and paperless trade measures by LAC sub-region, 2017.....	25
Figure 6	Average implementation rates of trade facilitation and paperless trade measures in LAC by category, 2015 and 2017	26
Figure 7	Average implementation rates of trade facilitation and paperless trade categories and measures, 2017	26
Figure 8	Largest variations in average implementation rates of trade facilitation and paperless trade measures in LAC between 2015 and 2017	28
Figure 9	Implementation levels of transparency measures in Latin America and the Caribbean, 2017	29
Figure 10	Average implementation of transparency measures in LAC and its subregions, 2017.....	30
Figure 11	Implementation levels of formalities measures in Latin America and the Caribbean, 2017	31
Figure 12	Average implementation of formalities measures in LAC and its subregions, 2017	33
Figure 13	Implementation levels of institutional arrangements and cooperation measures in Latin America and the Caribbean, 2017	34
Figure 14	Average implementation of institutional arrangements and cooperation measures in LAC and its subregions, 2017	35
Figure 15	Implementation levels of paperless trade measures in Latin America and the Caribbean, 2017	36
Figure 16	Average implementation of paperless trade measures in LAC and its subregions, 2017.....	39
Figure 17	Implementation levels of cross-border paperless trade measures in Latin America and the Caribbean, 2017	40

Figure 18 Average implementation of cross-border paperless trade measures in LAC and its subregions, 2017	42
Figure 19 Average implementation of transit facilitation measures in South America and in Central America and Mexico, 2017.....	43
Figure 20 Implementation levels of transit facilitation measures in Latin America and the Caribbean, 2017	44
Figure 21 Implementation levels of SME-oriented trade facilitation measures in Latin America and the Caribbean, 2017	46
Figure 22 Average implementation of women-oriented trade facilitation measures in LAC and its subregions, 2017	47
Figure 23 Implementation levels of women-oriented trade facilitation measures in Latin America and the Caribbean, 2017	47
Figure 24 Trade facilitation and paperless trade measures on which most progress was made in Latin America and the Caribbean in the last 12 months	49
Figure 25 Most common challenges faced by Latin American and Caribbean countries in implementing trade facilitation and paperless trade measures	50

List of Acronyms

AC: Andean Community

AEO: Authorized economic operator

ALADI: Latin American Integration Association

ASYCUDA: Automated System for Customs Data

ATIT: Agreement on International Land Transport

CARICOM: Caribbean Community

CAUCA: Central American Uniform Customs Code

ECLAC: United Nations Economic Commission for Latin America and the Caribbean

ESCAP: United Nations Economic and Social Commission for Asia and the Pacific

FAUCA: Central American Single Customs Document

FTA: Free trade agreement

GATT: General Agreement on Tariffs and Trade

ICT: Information and communications technology

LAC: Latin America and the Caribbean

MERCOSUR: Common Market of the South

NTFC: National trade facilitation committee

OECD: Organization for Economic Cooperation and Development

PA: Pacific Alliance

SME: Small and medium enterprise

TF: Trade facilitation

TFA: Trade Facilitation Agreement

TIM: Mesoamerican Procedure for the International Transit of Goods

WCO: World Customs Organization

WTO: World Trade Organization

Preface

The *Global Survey on Trade Facilitation and Paperless Trade Implementation* (“Global Survey”) is a global effort led by the Economic and Social Commission for Asia and the Pacific (ESCAP) in collaboration with all of the United Nations Regional Commissions, namely, the Economic Commission for Latin America and the Caribbean (ECLAC), the Economic and Social Commission for Western Asia (ESCWA), the Economic Commission for Africa (ECA) and the Economic Commission for Europe (UNECE). The goal of the Global Survey is to gather information from the member states of the respective United Nations Regional Commissions on trade facilitation and paperless trade measures and strategies implemented at the national and regional levels. The results of the survey will enable countries and development partners to better understand and monitor progress on trade facilitation, support evidence-based public policies, share best practices and identify capacity building and technical assistance needs.

The Global Survey is a key initiative under the *Joint UNRC Approach to Trade Facilitation* (the “Approach”) agreed upon in Beirut, Lebanon in January 2010 by the Executive Secretaries of all five United Nations Regional Commissions. The Approach was designed to enable the Regional Commissions to present a joint and global view on trade facilitation issues in light of the then ongoing negotiations of the Doha Round at the World Trade Organization (WTO) and the heightened importance of global supply chains. With the entry into force of the WTO’s Trade Facilitation Agreement (TFA) in February 2017, the Approach becomes even more significant on a regional and global scale. Within this framework, the Global Survey was designed by the United Nations Regional Commissions and the Organization for Economic Cooperation and Development (OECD) and in collaboration with the United Nations Conference on Trade and Development, the International Trade Centre, and the World Customs Organization. The questions included in the Global Survey draw from Sections I and III of the TFA as well as from the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, currently open for signature among ESCAP members.¹

The Global Survey was first conducted in 2015. This report presents the results of its second version, carried out in the first half of 2017 with the participation of twenty-one countries from Latin America and the Caribbean. The report seeks to gauge how far the region has advanced in the areas of trade facilitation and paperless trade with regard to the baseline provided by the Global Survey in 2015.

¹ The agreement’s text can be consulted at http://www.un.org/ga/search/view_doc.asp?symbol=E/ESCAP/RES/72/4&referer=http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific&Lang=E.

I. Executive Summary

Latin America and the Caribbean (LAC) faces considerable challenges in terms of reducing the non-tariff costs and the time associated with foreign trade operations. High trade costs in the region are a result of multiple factors, most notably, an insufficient stock of economic (including transport) infrastructure. Nevertheless, inefficiencies in administrative procedures also raise trade costs, both within the region and with extra-regional partners. Against this background, making progress on the trade facilitation agenda seems crucial to improve the region's international competitiveness, to raise its low levels of intraregional trade and to enhance its participation in international production networks.

Since red tape at the border affects small- and medium-sized firms disproportionately, trade facilitation encourages the internationalization of such firms, the overwhelming majority of which do not export. This may in turn promote export diversification, thus helping to reduce the very high concentration in commodities that characterizes the export baskets of many countries in the region (particularly in South America). The expeditious movement of goods across borders is also critical for the success of international production networks. Hence progress in trade facilitation may help to increase the presence of LAC countries in regional and global value chains, which –with some exceptions– is currently very limited. At a more general level, several of the concepts embodied in the trade facilitation agenda (for example, increasing the transparency, efficiency and accountability of public agencies) are important to reform the State and to fight corruption.

The Global Survey on Trade Facilitation and Paperless Trade Implementation 2017 (Global Survey 2017) seeks to gauge how far LAC countries have advanced in the areas of trade facilitation and paperless trade with regard to the baseline provided by the Global Survey 2015, the first carried out in the region. By doing so, this report provides an indication of how prepared the region is to begin implementing the new disciplines contained in the WTO Trade Facilitation Agreement.

The Global Survey 2017 contains 45 multiple choice questions grouped in seven categories: (i) General Trade Facilitation Measures; (ii) Paperless Trade; (iii) Cross-Border Paperless Trade; (iv) Border Agency Cooperation; (v) Transit Facilitation; (vi) Trade Facilitation for Small and Medium Enterprises (SMEs); and (vii) Women in Trade Facilitation. The questions included in categories (i) to (v) are common with the Global Survey 2015, whereas those in categories (vi) and (vii) are new to the Global Survey 2017.² Each question relates to a specific measure and has five possible responses: (i) Totally Implemented; (ii) Partially Implemented; (iii) Pilot Stage; (iv) Not Implemented; or (v) Don't Know. In order to calculate implementation rates, a response of "Full Implementation" was assigned 3 points, "Partial Implementation" received 2 points, "Pilot Stage" received 1 point, and "Not Implemented" received 0 points. "Don't know" responses were excluded from the calculation.

Twenty-one LAC countries participated in the Global Survey 2017, accounting for 95% of the region's merchandise exports and imports in 2016. All responses were prepared by government agencies, mostly Trade Ministries in collaboration with Customs agencies. ECLAC conducted independent desk research in order to confirm or amend the responses provided by countries.

² The Global Survey 2017 also includes 3 questions related to Trade Facilitation and Agricultural Trade. However, they were excluded from the version submitted to LAC countries, since they relate to sanitary and phytosanitary regulations which fall mostly outside the purview of Customs agencies or Trade Ministries.

Same as in 2015, Mexico obtained the maximum implementation rate in the Global Survey 2017 (92%), whereas Antigua and Barbuda, which did not participate in the 2015 version, obtained the lowest (38%). The average level of implementation for the 21 participating countries was 69%, two points above the average obtained by the 19 countries participating in the 2015 version. One country obtained an implementation rate above 90%, four were in the 80% to 89% range, six in the 70% to 79% range, five in the 60% to 69% range, four in the 50% to 59% range, and only one was below 50% (see figure 2 in section 3). The group of 15 countries that participated in both the 2015 and 2017 versions of the Global Survey improved slightly its average implementation rate, from 73% to 74% (see figure 3 in section 3).

The results of the Global Survey 2017 by categories of measures reflect a slight improvement on 2015. The categories of Formalities, Transparency and Paperless Trade have the highest average rates of implementation, at 80%, 78% and 72%, respectively. The most progress between 2015 and 2017 was made on Formalities, with its average implementation rate increasing by 7 percentage points. Same as in 2015, the lowest rates of implementation in 2017 are in Institutional Arrangements and Cooperation (56%) and Cross-border Paperless Trade (47%), although in both cases there were small improvements between both years (see figure 6 in section 3).

The group of 21 participating countries presents average implementation rates above 80% in more than half of the core trade facilitation measures included in the Global Survey. These include pre-arrival processing, the establishment of independent appeal mechanisms for Customs decisions, the acceptance of paper or electronic copies of required documents, the separation of release from the final determination of Customs duties, provisions for expedited shipments, the electronic submission of sea and cargo manifests, and the use of risk management, among others. Moreover, all participating countries except Antigua and Barbuda have electronic/automated Customs systems fully in place. Other important measures have implementation rates in the 70% to 79% range, such as e-payment of Customs duties and fees, availability of advance rulings, trade facilitation measures for authorized operators, establishment of National Trade Facilitation Committees and electronic application and issuance of import and export permits.

Some of the measures with the lowest implementation rates are related to paperless trade (both internal and cross-border): the electronic exchange of certificates of origin (38%) and of sanitary and phytosanitary certificates (19%), and the electronic application for Customs refunds (29%). This is not surprising, since these measures require the support of a sophisticated ICT infrastructure and—in the case of cross-border measures—close cooperation between the relevant agencies of the countries exchanging information. Some other measures with low implementation rates do not appear to require big financial investments, such as the publication of average release times for import shipments (43%) or border agencies delegating controls to Customs authorities (22%). In these cases, limiting factors could be mainly of a political or institutional nature (i.e. trade facilitation is not seen as a political priority, insufficient inter-agency coordination or trust, or resistance by Customs or other agencies to increased accountability and transparency in their daily work). The region also scores low on ensuring that SMEs and especially women involved in trade can make the most of trade facilitation measures.

Despite LAC's relatively high average score in the Global Survey 2017, progress is uneven across countries and subregions. All participating South American countries, as well as Mexico, Costa Rica and the Dominican Republic, perform above the regional average. By contrast, several participating countries from Central America and especially the Caribbean obtained below-average scores. These results suggest that international cooperation efforts, for example through the WTO's Trade Facilitation Agreement Facility, should especially (although not exclusively) target this second group of countries.

The considerable progress made by LAC countries in implementing trade facilitation measures at the national level would have a greater impact on trade flows and production integration if such advances are coordinated at the regional or subregional level. Central America is a good example, as shown by its positive experience using several common trade facilitation instruments. More recently, there have been encouraging developments in other parts of the region. In particular, the Pacific Alliance has made great strides in the area of trade facilitation. This is evidenced by initiatives such as the electronic exchange of origin and phytosanitary certificates among its four members (Chile, Colombia, Mexico and Peru) and ongoing work towards mutual recognition of their respective authorized operator schemes. Moreover, in April 2017 the members of the Pacific Alliance and Mercosur (Latin America's two largest economic integration mechanisms) agreed on a roadmap for further cooperation, including several trade facilitation-related topics such as digital certification of origin, customs cooperation and interconnection of electronic single windows.

II. Introduction

A. Background and objectives of the Global Survey on Trade Facilitation and Paperless Trade Implementation, 2017

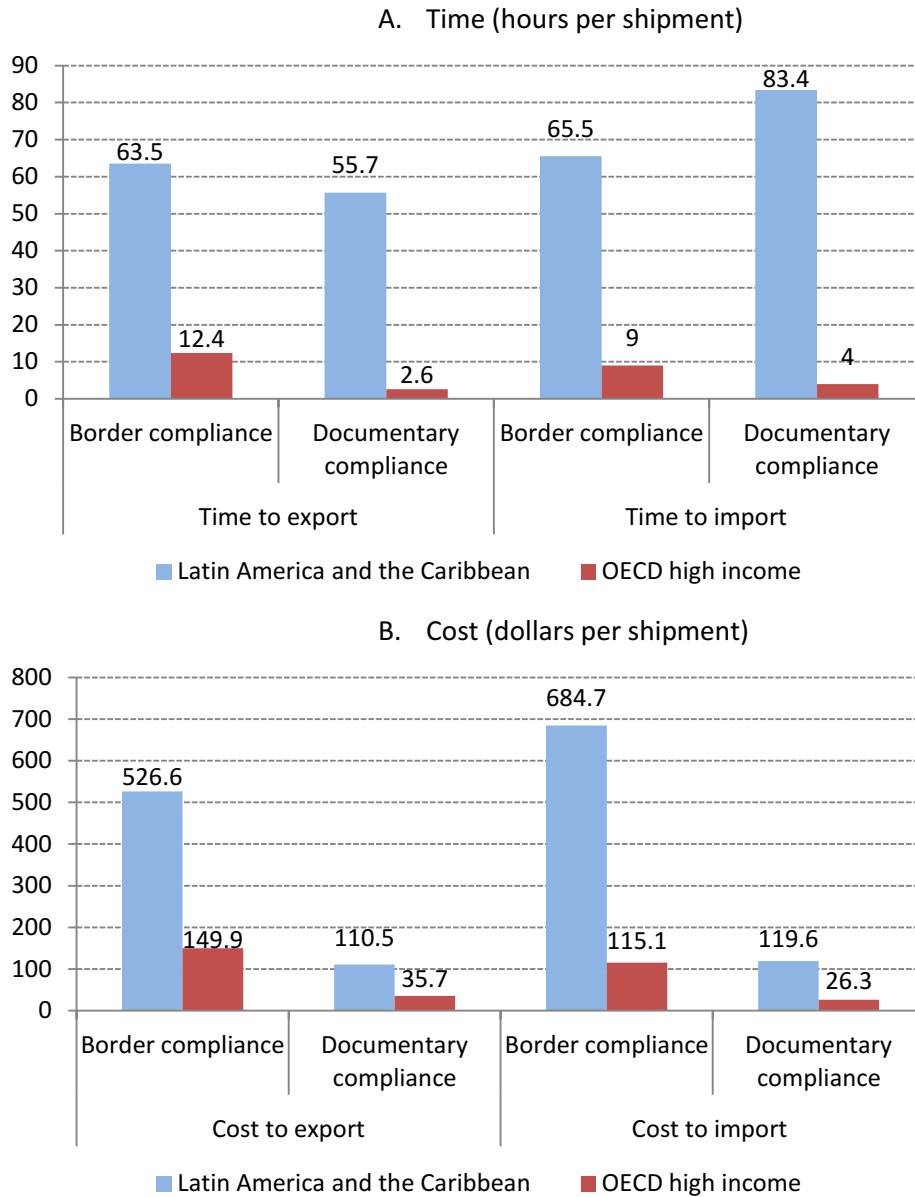
For at least three decades, countries in Latin America and the Caribbean (LAC) have been reducing their import tariffs, both unilaterally and reciprocally through participation in regional integration agreements and free trade agreements with extra-regional partners. As the relative importance of tariffs has decreased, trade facilitation and the digitalization of border processes have become increasingly strategic factors in gaining competitiveness in global trade. Trade facilitation refers to the simplification, standardization and harmonization of procedures and associated information flows required to move goods from seller to buyer and to make payment (UNECE/CEFACT, 2012). In simple terms, trade facilitation should streamline customs procedures in order to reduce the time and cost to trade –essentially, cut the “red tape” at the border (WTO, 2013). Although trade facilitation is not entirely a novel issue, the recent entry into force of the World Trade Organization’s Trade Facilitation Agreement (TFA) has propelled it to the top of the global and regional trade agenda.

The LAC region faces considerable challenges in terms of reducing the non-tariff costs and the time associated with foreign trade operations. Overall, the region performs better than lower-income developing regions such as Sub-Saharan Africa, South Asia and Central Asia in the trading across borders component of the World Bank’s Doing Business ranking (World Bank, 2017). However, it still performs considerably worse than the developed countries of the OECD (see figure 1). High trade costs in the region are a result of multiple factors, most notably an insufficient stock of economic (including transport) infrastructure (Perrotti and Sánchez, 2011; Lardé and Sánchez, 2014, Lardé, 2016). Between the 1990s and 2013, expenditure in infrastructure in the region accounted on average for 2.2% of GDP, well below the 6.2% of GDP recommended by ECLAC and the amounts spent by economies such as China (8.5%), Japan (5%) and India (4.7%) (Lardé, 2016).³ Nevertheless, inefficiencies in administrative procedures also raise trade costs, both within the region and with extra-regional partners. Against this background, making progress on the trade facilitation agenda seems crucial to improve the region’s international competitiveness and to enhance its participation in international production networks.

Using the results of the Global Survey 2017, this report seeks to gauge how far the region has advanced in the areas of trade facilitation and paperless trade with regard to the baseline provided by the Global Survey 2015 (ECLAC, 2015). By doing so, the report provides an indication of how prepared the region is to begin implementing the new disciplines contained in the TFA. This may in turn help focus the efforts of LAC governments on those areas where there are technical and legal gaps, including through international cooperation programs. Summing up, comparison with the results of the Global Survey 2015 will allow identifying areas where most progress has been done, as well as those where implementation challenges remain.

³ According to a recent World Bank study, almost 70% of the region’s roads are unpaved, versus less than 30% in East Asia (Bown et al, 2017).

Figure 1
Latin America and the Caribbean and OECD (high income members)
average time and cost to export, 2016^a



Source: Author, based on World Bank, Doing Business 2017 at <http://espanol.doingbusiness.org/data/exploretopics/trading-across-borders>

^a Documentary compliance captures the time and cost associated with compliance with the documentary requirements of all government agencies of the origin economy, the destination economy and any transit economies. Border compliance captures the time and cost associated with compliance with the economy's customs regulations and with regulations relating to other inspections that are mandatory in order for the shipment to cross the economy's border, as well as the time and cost for handling that takes place at its port or border.

The rest of this report is structured as follows. The remainder of this first section describes the structure and methodology of the survey and how the results were tabulated and analyzed. The second

section provides an overview of the survey’s results for Latin America and the Caribbean and its three sub-regions. The third section provides a detailed analysis of implementation levels for each category of measures contained in the survey. The fourth section looks at notable achievements and common challenges in implementing trade facilitation and paperless trade measures in the region. The fifth section concludes.

B. Survey and Methodology

1. Structure of the Global Survey

The Global Survey on Trade Facilitation and Paperless Trade Implementation 2017 (henceforth the Global Survey) is divided into 2 sections. Section A (“Trade Facilitation Measures”) contains 45 multiple choice questions grouped in seven categories: (i) General Trade Facilitation Measures; (ii) Paperless Trade; (iii) Cross-Border Paperless Trade; (iv) Border Agency Cooperation; (v) Transit Facilitation; (vi) Trade Facilitation for Small and Medium Enterprises (SMEs); and (vii) Women in Trade Facilitation (see table 1). The questions included in categories (i) to (v) are common with the Global Survey 2015, whereas those in categories (vi) and (vii) are new to the Global Survey 2017.⁴ Each question has five possible responses: (i) Totally Implemented; (ii) Partially Implemented; (iii) Pilot Stage; (iv) Not Implemented; or (v) Don’t Know (see the definition of each option in Annex 1). Respondents have the option of complementing their answers with a short narrative on any progress made over the last 12 months for the measure at issue as well as any other relevant information.

Table 1
Questions in the Global Survey on Trade Facilitation and Paperless Trade Implementation, 2017

General trade facilitation measures	Transparency	<ul style="list-style-type: none"> 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 regulations before their implementation 5. Advance rulings (on tariff classification) 9. Independent appeal mechanism (for traders to appeal Customs and other trade control agencies’ rulings)
	Formalities	<ul style="list-style-type: none"> 6. Risk management 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 arrangements and cooperation	<ul style="list-style-type: none"> 1. Establishment of a National Trade Facilitation Committee 31. National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other 32. Government agencies delegating controls to Customs authorities

⁴ The Global Survey 2017 also includes 3 questions related to Trade Facilitation and Agricultural Trade. However, they were excluded from the version submitted to LAC countries, since they relate to sanitary and phytosanitary regulations which fall mostly outside the purview of Customs agencies or Trade Ministries.

Table 1 (concluded)

Paperless trade	<ul style="list-style-type: none"> 15. Electronic/automated Customs System 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 import and export permits 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	<ul style="list-style-type: none"> 25. Laws and regulations for electronic transactions are in place 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 and phytosanitary certificate electronically exchanged between your country and other countries 30. Traders in your country apply for letters of credit electronically from banks or insurers without lodging paper-based documents
Border agency cooperation	<ul style="list-style-type: none"> 33. Alignment of working days and hours with neighbouring countries at border crossings 34. Alignment of formalities and procedures with neighbouring countries at border crossings
Transit facilitation	<ul style="list-style-type: none"> 35. Transit facilitation agreement(s) with neighboring 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 39. Trade and transport facilitation in your sub-region or Regional Economic Community
Trade Facilitation for Small and Medium Enterprises	<ul style="list-style-type: none"> 40. Government has developed trade facilitation measures that ensure easy and affordable access for SMEs to trade related information 41. Government has developed specific measures that enable SMEs to more easily benefit from the AEO scheme 42. Government has taken actions to make the single windows more easily accessible to SMEs (e.g., by providing technical consultation and training services to SMEs on registering and using the facility) 43. Government has taken actions to ensure that SMEs are well represented and made key members of National Trade Facilitation Committees (NTFCs)
Women in trade facilitation	<ul style="list-style-type: none"> 44. The existing trade facilitation policy/strategy incorporates special consideration of women involved in trade 45. Government has introduced trade facilitation measures to benefit women involved in trade

Source: Author, based on the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

Section B (“Key Challenges and Recommendations for Trade Facilitation and Paperless Trade”) asks country respondents to: i) identify up to three measures in which their country has made the most progress in implementation over the last 12 months; ii) describe any other important trade facilitation measures and initiatives implemented in the last 12 months; and iii) identify the most serious challenges faced by their country in implementing trade facilitation measures.

2. Country participation, data collection and data validation

The Global Survey was submitted in February 2017 to the governments of all Latin American and Caribbean countries. The surveys were directed to the Ministries of Trade or those dealing with trade policy. The active participation in this exercise of Customs authorities and other agencies dealing with cross-border trade procedures was encouraged. Twenty-one countries submitted completed questionnaires between March and June 2017 (see table 2). This figure represents an improvement on the 19 countries that participated in the 2015 version of the Global Survey, especially as regards participation from the Caribbean. The assistance of the CARICOM Secretariat in disseminating the Global Survey among CARICOM members was very helpful in this regard. Participating countries accounted for 95% of LAC’s merchandise exports and imports in 2016.⁵

Upon receiving completed surveys from countries, responses to each question were tabulated and assigned an initial score. A response of “Full Implementation” received 3 points, “Partial Implementation” received 2 points, “Pilot Stage” received 1 point, and “Not Implemented” received 0 points. After the initial tabulation, ECLAC reviewed the responses and conducted independent desk research in order to confirm or amend the responses provided by countries. This entailed identifying the legal and institutional framework and the procedures and practices in place for each measure in question. The physical and digital infrastructure and human and financial resources available were also considered when that information was available. A particular effort was made to assign responses to questions that had initially been left blank by countries. This exercise often involved getting back to respondents with follow-up questions. Country responses validated by ECLAC – that is to say, answers confirmed or amended by ECLAC based upon independent desk research – are considered as final. The graphs, tables and analysis presented in this report are based upon validated data.

⁵ The four countries that participated in the 2015 version of the Global Survey but did not in the 2017 version are: Barbados, the Plurinational State of Bolivia, Guatemala and Surinam.

Table 2
Countries and government agencies participating in the Global Survey on Trade Facilitation and Paperless Trade Implementation, 2017

Country	Sub-region	Government agency responsible for coordinating responses	Country participated in the Global Survey 2015?
Antigua and Barbuda	Caribbean	Ministry of Trade, Commerce, and Industry	No
Cuba	Caribbean	Ministry of Trade and Foreign Investment	No
Dominican Republic	Caribbean	General Customs Directorate	Yes
Jamaica	Caribbean	Trade Board Limited	No
Saint Kitts and Nevis	Caribbean	Ministry of International Trade	No
Saint Vincent and the Grenadines	Caribbean	Ministry of Foreign Affairs, Trade and Commerce	No
Trinidad and Tobago	Caribbean	Ministry of Trade, Industry, Investment and Communications	Yes
Costa Rica	Central America & Mexico	Ministry of Foreign Trade	Yes
El Salvador	Central America & Mexico	Ministry of Economy	Yes
Honduras	Central America & Mexico	Secretariat of Economic Development	Yes
Mexico	Central America & Mexico	Secretariat of Economy	Yes
Nicaragua	Central America & Mexico	Ministry of Production, Industry and Commerce	Yes
Panama	Central America & Mexico	Ministry of Trade and Industry	Yes
Argentina	South America	Ministry of Foreign Affairs	No
Brazil	South America	Foreign Trade Chamber (CAMEX) ^a	Yes
Chile	South America	General Directorate for International Economic Relations at the Ministry of Foreign Affairs	Yes
Colombia	South America	Ministry of Trade, Industry and Tourism	Yes
Ecuador	South America	Ministry of Foreign Trade	Yes
Paraguay	South America	Ministry of Industry and Trade	Yes
Peru	South America	Ministry of Trade and Tourism	Yes
Uruguay	South America	National Directorate for Customs	Yes

Source: Author, based on the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

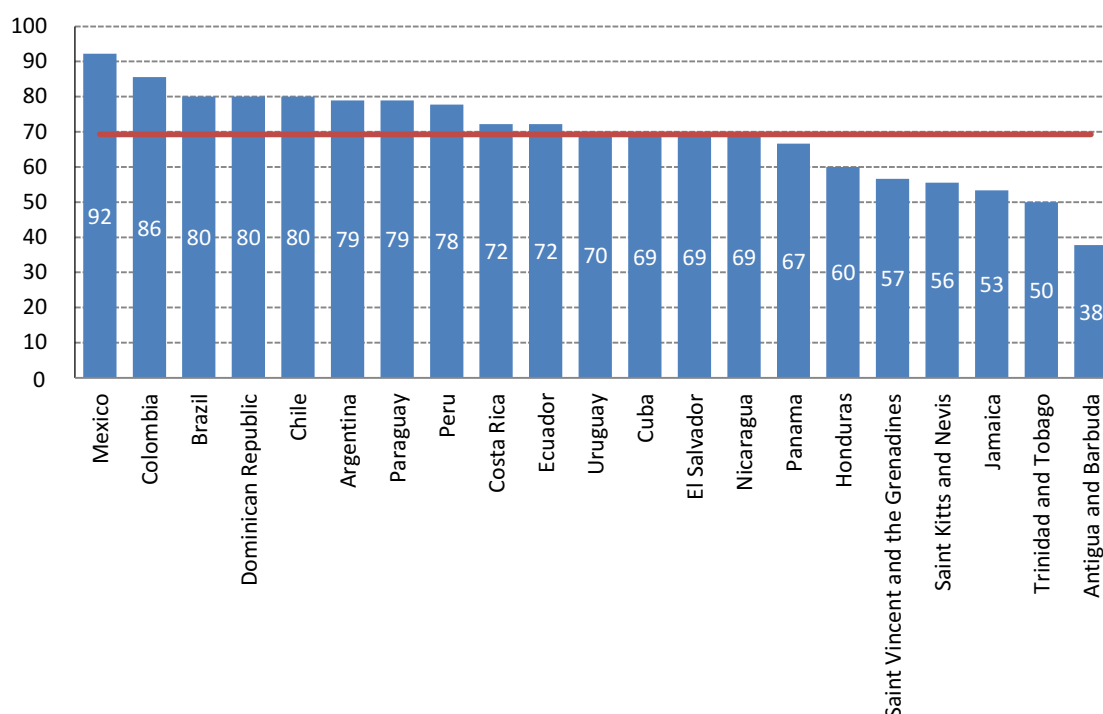
^a Since May 2017, CAMEX is part of the Ministry of Industry, Foreign Trade and Services.

III. Implementation of trade facilitation and paperless trade measures in Latin America and the Caribbean

A. Overview

Figure 2 shows overall implementation rates for the 21 LAC countries participating in the Global Survey 2017. Rates correspond to the sum of the scores obtained by each country in 30 questions (1 to 19, 21 to 29, 31 and 32) divided by the maximum possible score (90 points, corresponding to “Full implementation” in all 30 questions).⁶ All questions have an equal weight. Same as in 2015, Mexico obtained the maximum implementation rate, whereas Antigua and Barbuda, which did not participate in the 2015 version of the Global Survey, obtained the lowest. The average level of implementation for the 21 countries was 69%, two points above the average obtained by the 19 countries participating in the 2015 version. One country obtained an implementation rate above 90%, four were in the 80% to 89% range, six in the 70% to 79% range, five in the 60% to 69% range, four in the 50% to 59% range, and only one was below 50%.

Figure 2
Overall implementation rates of trade facilitation and paperless trade measures in 21 LAC countries, 2017
(In percentages of the maximum possible score)^a



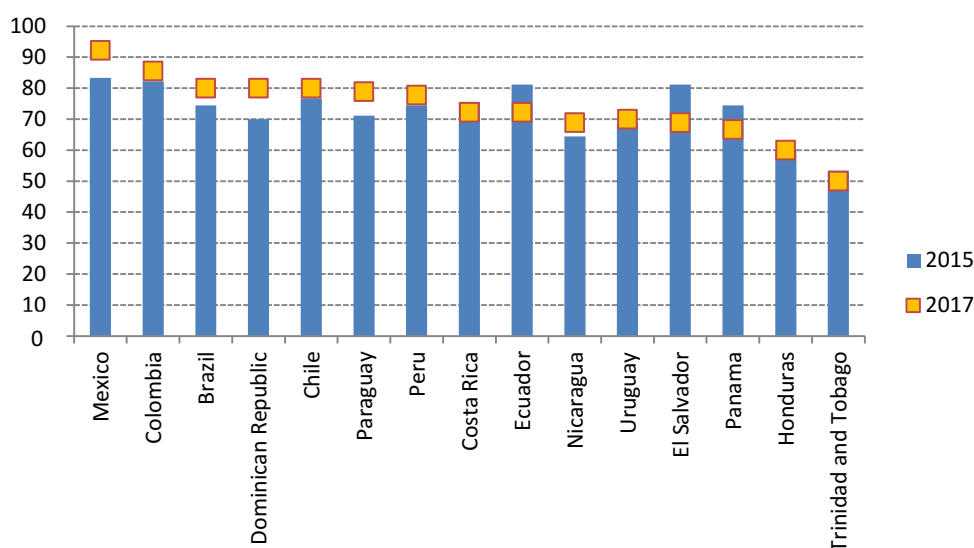
Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

^a The red line represents the average of the 21 countries (69%).

⁶ Same as in the 2015 version of the Global Survey, the following questions were excluded because they are not applicable to all participating countries: question 20 (Electronic Submission of Sea Cargo Manifests), questions 33 and 34 (dealing with border agency cooperation), and questions 35 to 39 (dealing with transit facilitation). Additionally, question 30 (Traders in your country apply for letters of credit electronically from banks or insurers without lodging paper-based documents) was excluded because of the high proportion of countries (almost 40%) which left it blank or answered “Don’t Know”. Finally, questions 40 to 45 were excluded to ensure comparability with the results of the Global Survey 2015, since those questions are new to the 2017 version.

The group of 15 countries that participated in both versions of the Global Survey obtained a 74% average implementation rate in 2017, slightly up from 73% in 2015. Nine of them increased their implementation rates, five got lower ones and one (Honduras) kept the same rate (see figure 3). The Dominican Republic and Mexico registered the largest increases (10 and 9 percentage points, respectively). Paraguay, one of the two landlocked countries in the region⁷ and therefore highly dependent on trade facilitation, also improved notably its performance (by 8 percentage points). Ecuador and El Salvador recorded the largest reductions (-9 and -12 percentage points, respectively).

Figure 3
Overall implementation rates of trade facilitation and paperless trade measures
in 15 LAC countries, 2015 and 2017
(In percentages of the maximum possible score)



Source: Author, with data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2015 and 2017.

One of several factors contributing to these relatively high implementation levels is the fact that Latin America and the Caribbean is mostly a middle-income region. Of the 21 countries that participated in the Global Survey 2017, only three (El Salvador, Honduras and Nicaragua) are considered lower-middle income economies by the World Bank.⁸ The majority belong to the upper-middle income category⁹, with some even being classified as high income.¹⁰ However, among the 21 participating countries there is no clear positive correlation between implementation rates and per capita income, especially as regards Caribbean countries (see figure 4). For example, the worst performer, Antigua and Barbuda, is among the countries with the highest per capita GDP. Trinidad and Tobago, the richest country in the group in per capita terms, obtains a 50% implementation rate, well below those of lower-middle income countries such as Honduras, El Salvador and Nicaragua. Colombia, the second best performer in the whole sample, had a per capita GDP of 13,833 dollars in purchasing power parity in 2015, below the simple average of 16,242 dollars for the 21 participating countries.

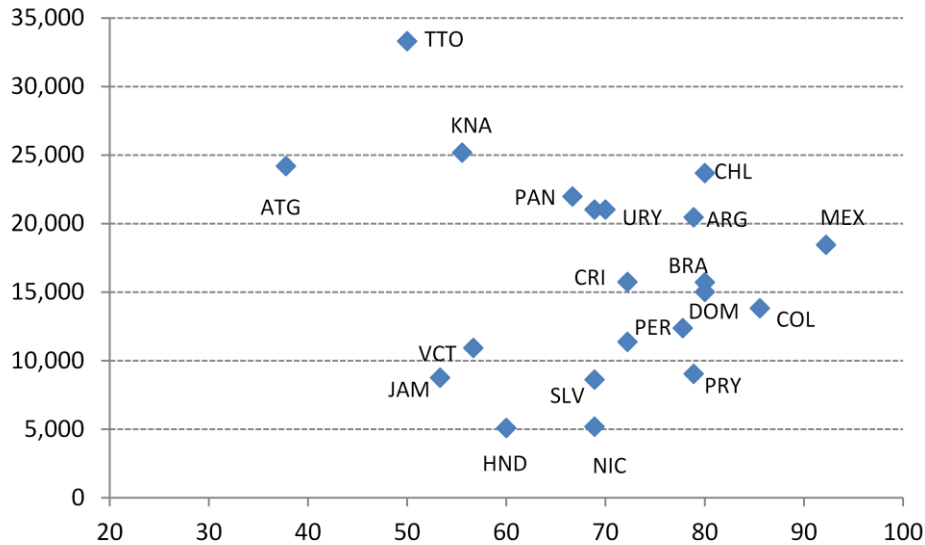
⁷ The other is the Plurinational State of Bolivia, which did not participate in the Global Survey 2017.

⁸ See <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

⁹ Argentina, Brazil, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Jamaica, Mexico, Panama, Paraguay, Peru, and Saint Vincent and the Grenadines.

¹⁰ Antigua and Barbuda, Chile, Saint Kitts and Nevis, Trinidad and Tobago, and Uruguay.

Figure 4
Per capita GDP (2015, PPP) and implementation rates of trade facilitation and paperless trade measures in 21 LAC countries, 2017
(In current international dollars and percentages of the maximum possible score)



Source: Author, with data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017 and from the International Monetary Fund (World Economic Outlook Database, April 2017).

ATG: Antigua and Barbuda. ARG: Argentina. BRA: Brazil. CHL: Chile. COL: Colombia. CRI: Costa Rica. CUB: Cuba. DOM: Dominican Republic. ECU: Ecuador. SLV: El Salvador. HND: Honduras. JAM: Jamaica. MEX: Mexico. NIC: Nicaragua. PAN: Panama. PRY: Paraguay. PER: Peru. KNA: Saint Kitts and Nevis. VCT: Saint Vincent and the Grenadines. TTO: Trinidad and Tobago. URY: Uruguay.

The examples above illustrate that variables other than per capita income are also relevant in explaining a country’s performance in the Global Survey 2017. Those variables include national institutional capacities, membership in free trade agreements (FTAs) or economic integration mechanisms which include trade facilitation commitments, and geographical factors such as being an island or a landlocked country, among others. In particular, most of the 21 LAC countries participating in the Global Survey 2017 are parties to FTAs with developed partners such as the United States and the European Union which include extensive commitments on trade facilitation. Moreover, almost all participating countries are members of regional integration agreements which also include trade facilitation provisions, although these vary in depth and scope (see table 3).

Despite LAC’s relatively high average implementation rate, its three subregions show a very heterogeneous performance in the Global Survey 2017. The eight participating South American countries obtain the highest average implementation rate (78%) and all of them have implementation rates above the LAC average (see figure 5). The group comprised by Mexico and five Central American countries comes next, with a 72% average implementation rate (heavily influenced by Mexico’s 92%). Overall, the seven participating Caribbean countries show the weakest performance, with a 57% average. Nevertheless, inside this group the situation is also quite heterogeneous: while the Dominican Republic was one of the top performers among all participants in the Global Survey 2017, the five lowest implementation rates were obtained by smaller Caribbean countries.

Table 3
Membership of LAC countries in trade agreements including trade facilitation commitments ^a

Participating country	FTAs with developed partners containing trade facilitation commitments	Membership in regional integration agreements containing trade facilitation commitments
Caribbean		
Antigua and Barbuda	European Union	CARICOM
Cuba		ALADI
Dominican Republic	European Union , United States	Dominican Republic-Central America Free Trade Agreement
Jamaica	European Union	CARICOM
Saint Kitts and Nevis	European Union	CARICOM
Saint Vincent and the Grenadines	European Union	CARICOM
Central America and Mexico		
Costa Rica	European Union, United States	Central American Common Market
El Salvador	European Union, United States	Central American Common Market
Honduras	European Union, United States	Central American Common Market
Mexico	European Union, United States	Pacific Alliance, Mexico-Central America Free Trade Agreement, ALADI
Nicaragua	European Union, United States	Central American Common Market
Panama	European Union, United States	Central American Common Market, ALADI
South America		
Argentina		MERCOSUR, ALADI
Brazil		MERCOSUR, ALADI
Chile	European Union, United States	Pacific Alliance, ALADI
Colombia	European Union, United States	Andean Community, Pacific Alliance, ALADI
Ecuador	European Union	Andean Community, ALADI
Paraguay		MERCOSUR, ALADI
Peru	European Union, United States	Andean Community, Pacific Alliance, ALADI
Uruguay		MERCOSUR, ALADI

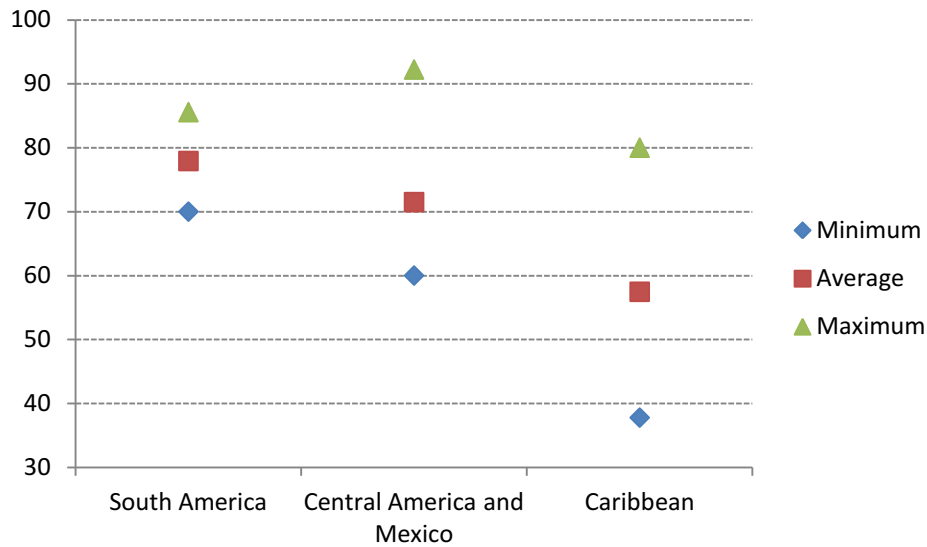
Source: Author, on the basis of Organization of American States, Foreign Trade Information System [online] sice.oas.org.

^a The list of agreements is not exhaustive.

ALADI: Latin American Integration Association. CARICOM: Caribbean Community. MERCOSUR: Common Market of the South.

Overall, the results of the Global Survey 2017 by categories of measures reflect a slight improvement on 2015. The categories of Formalities, Transparency and Paperless Trade have the highest average rates of implementation, at 80%, 78% and 72%, respectively (see Figure 6). The most progress between 2015 and 2017 was made on Formalities, with its average implementation rate increasing by 7 percentage points. Same as in 2015, the lowest rates of implementation in 2017 are in Institutional Arrangements and Cooperation (56%) and Cross-border paperless trade (47%), although in both cases there were small improvements. Comparisons between results in 2015 and 2017 should be taken with some caution, however, since the group of participating countries is not the same: 15 countries participated in both versions of the Global Survey, while 4 countries that participated in the 2015 version did not do so in 2017, and 6 participants in the 2017 version did not take part in the 2015 survey.

Figure 5
Minimum, average and maximum implementation rates of trade facilitation and paperless trade measures by LAC sub-region, 2017
(In percentages of the maximum possible score)

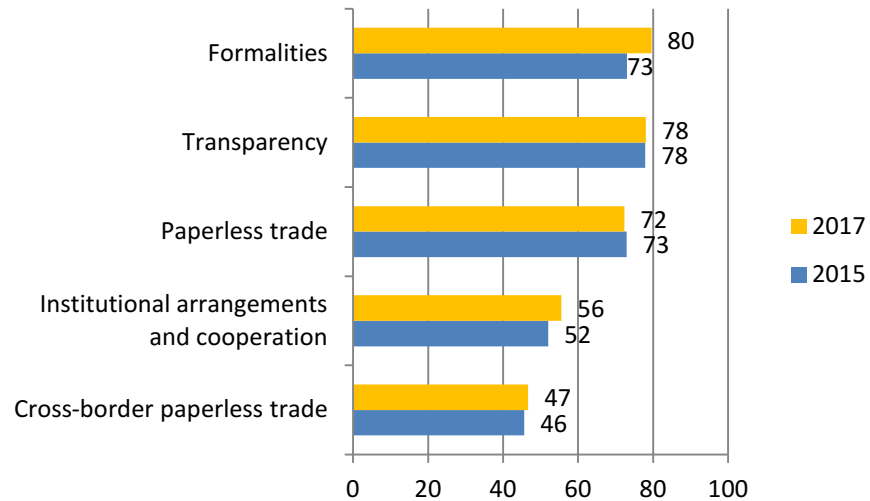


Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

Seven of the eight measures comprising the category of **Formalities** obtained average implementation rates in the 75% to 90% range. By contrast, the remaining measure (Establishment and publication of average release times) scored much lower, at 43% (see figure 7 and table 4). This is still an improvement on the 39% average implementation rate obtained for that measure in 2015. The pattern observed within the category of **Transparency** is very similar, with four of its five measures obtaining average implementation rates in the 75% to 90% range and one (Advance publication or notification of new regulations before their implementation) registering a much lower level (59%). This figure remains basically unchanged from the 2015 survey (60%).

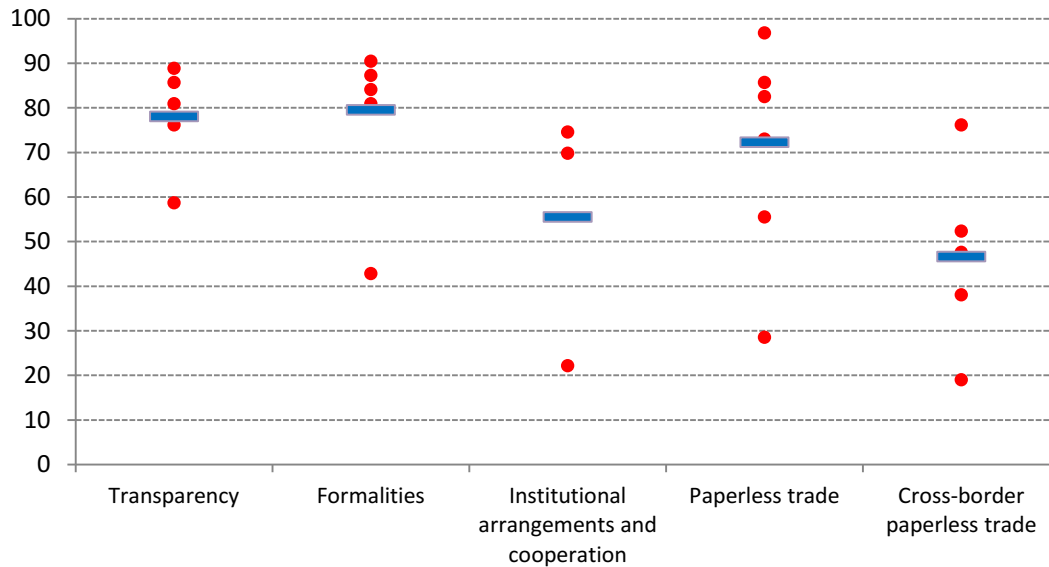
The situation is much more heterogeneous within the **Paperless Trade** category. For example, the use of an electronic/automated customs system has a 97% implementation rate (the highest among all measures in the Global Survey) while the electronic application for Customs refunds only has a 29%, the third lowest. The region scores lowest in **Cross-Border Paperless Trade**, with three of the five measures in this category obtaining average implementation rates below 50%.

Figure 6
Average implementation rates of trade facilitation and paperless trade measures
in LAC by category, 2015 and 2017
(In percentages of the maximum possible score)



Source: Author, with data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2015 and 2017.

Figure 7
Average implementation rates of trade facilitation and paperless trade categories and measures, 2017
(In percentages of the maximum possible score)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

Note: The blue lines indicate average implementation rates for each category; red dots correspond to average implementation rates for individual measures.

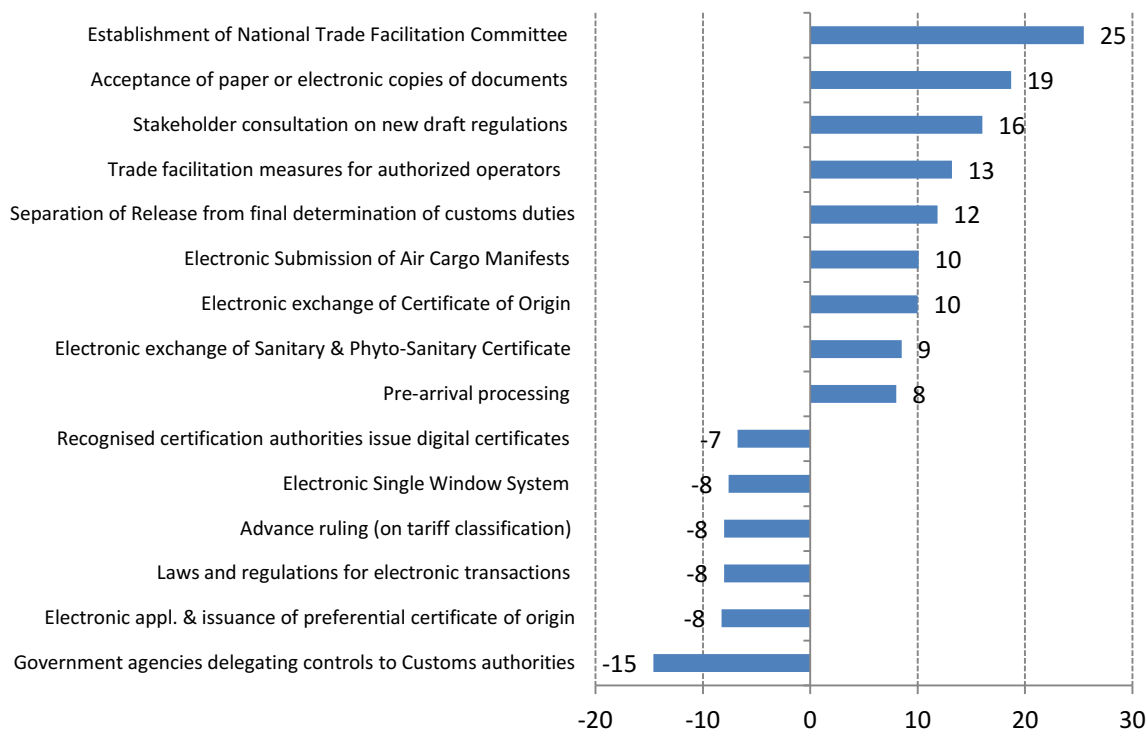
Table 4
Most and least implemented trade facilitation and paperless trade measures
in Latin America and the Caribbean, 2017

Group of measures	Most implemented	Implementation rate	Least implemented	Implementation rate
Transparency	Independent appeal mechanism	89%	Advance ruling (on tariff classification)	76%
	Publication of existing import-export regulations on the internet	86%	Advance publication/notification of new regulations before their implementation	59%
Formalities	Pre-arrival processing	91%	Trade facilitation measures for authorized operators	75%
	Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities	89%	Establishment and publication of average release times	43%
Institutional arrangements and cooperation	Establishment of National Trade Facilitation Committee	75%	Government agencies delegating controls to Customs authorities	22%
	Cooperation between agencies on the ground at the national level	70%		
Paperless trade	Electronic/automated Customs System	97%	Electronic single window system	56%
	Electronic Submission of Air Cargo Manifests	87%	Electronic application for Customs refunds	29%
Cross-border paperless trade	Laws and regulations for electronic transactions	76%	Electronic exchange of certificate of origin	38%
	Engagement in trade-related cross-border electronic data exchange	52%	Electronic exchange of sanitary and phytosanitary certificate	19%

Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

The comparison between the results of the 2015 and 2017 versions of the Global Survey suggests that the LAC region has made notable progress in several trade facilitation measures. Specifically, there were 7 measures in which the average implementation rate increased by 10 percentage points or more (see figure 8). The largest increase (from 49% to 75%, a 26-point rise) was registered on the establishment of national trade facilitation committees, a key commitment contained in the TFA. However, there are also areas where there seems to be some backtracking, most notably on government agencies delegating controls to Customs authorities (from 37% to 22%, a 15-point drop). Most of the other measures where average implementation rates fell between 2015 and 2017 concern the paperless trade agenda (both internal and cross-border). This is largely explained by the higher representation in the Global Survey 2017 of small Caribbean countries, which on the whole are less advanced than the rest of the region in that area (see sections E and F).

Figure 8
Largest variations in average implementation rates of trade facilitation and paperless trade measures in LAC between 2015 and 2017
(In percentage points)



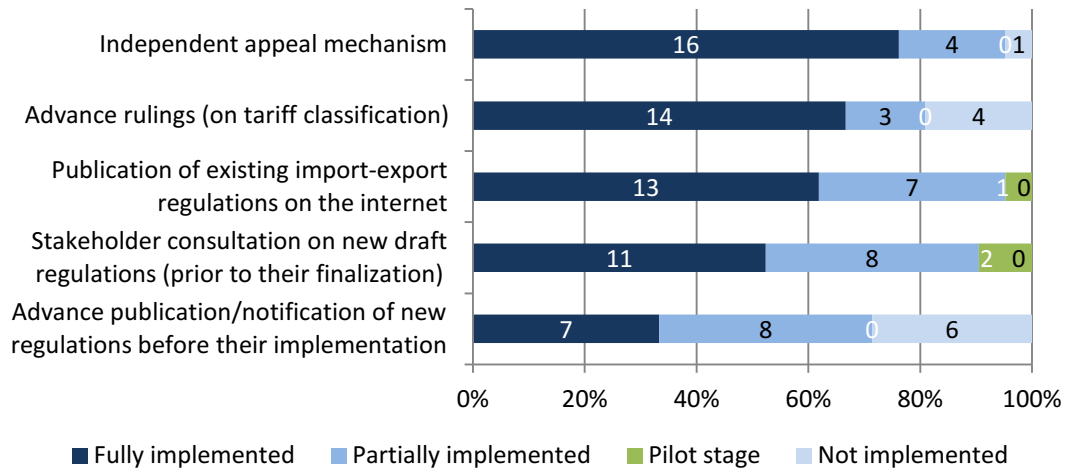
Source: Author, with data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2015 and 2017.

B. Transparency measures

The transparency measures included in the Global Survey are based on Articles 1 through 4 of the TFA. These measures pertain to publication of import and export regulations on the Internet, stakeholder consultation on new draft regulations, advance publication or notification of new regulations prior to their entry into force, advance rulings, and an independent mechanism for traders to appeal rulings from Customs and other relevant trade control agencies. These measures are based on, and expand upon, the commitments contained in Article X of the General Agreement on Tariffs and Trade (GATT) which address, among other things, Customs and classification matters.

Collectively, transparency measures allow traders to play a role in the legislative process, have predictability in Customs matters, and have the right to a legal review of Customs rulings. In this area, Latin America and the Caribbean (21 countries) obtains an overall implementation rate of 78%, same as in the Global Survey 2015. Most progress has been made on the availability of an independent appeal mechanism (89% implementation rate), with 16 countries reporting full implementation, 4 reporting partial implementation and only one (Antigua and Barbuda) reporting no implementation so far (see figure 9). Countries across the region have taken different approaches to implementation. In some cases, they have established Customs and/or tax courts with exclusive jurisdiction; in other cases, countries have expanded the jurisdiction of already existing local and/or national court systems to include Customs matters.

Figure 9
Implementation levels of transparency measures in Latin America and the Caribbean, 2017
(Percentages and number of countries at each implementation level)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

Publication of import-export regulations —the next most implemented measure with an 86% rate— contemplates that governments shall make import, export and transit procedures available in a non-discriminatory and easily accessible manner so that other governments, traders and interested persons may become acquainted with them. This requirement builds upon commitments contained in GATT Article X and is also commonly found in trade facilitation and Customs cooperation chapters in FTAs. This measure has been partially or fully implemented by all countries participating in the Global Survey, except for Antigua and Barbuda which reported being at the pilot stage.

Stakeholder consultations are the third most implemented transparency measure in the region with an implementation rate of 81%, a substantial improvement on the 65% registered in the Global Survey 2015. Caribbean countries perform particularly well in this measure, with five of them reporting full implementation and the other two (Antigua and Barbuda and Trinidad and Tobago) indicating that they are at the pilot stage.

Advance rulings (76% average implementation rate) relate to traders’ rights to obtain a ruling on the tariff classification of the goods being imported. These rulings may also include other information, such as the origin and tariff treatment accorded to the imported goods. In Central America, advance rulings are governed by the Central American Uniform Customs Code (CAUCA) and the CAFTA-DR¹¹ FTA. Therefore, four of the five participating Central American countries (as well as Mexico) indicated that they were fully implementing this measure, with Costa Rica reporting partial implementation. In South America, seven of the eight participating countries have fully implemented this measure, in some cases as a result of commitments included in FTAs with the United States and/or the European Union. The exception is Argentina, which reports partial implementation. The Caribbean shows a much weaker performance in this measure than the other two sub-regions, with a 38% implementation rate.

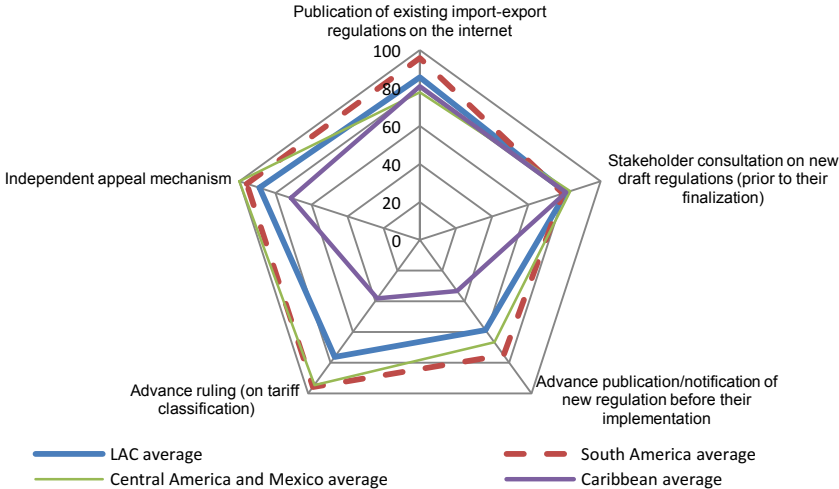
Falling well below these high rates of implementation are stakeholder consultations on new draft regulations (65%) and advance publication of new regulations before entry into force (60%). Stakeholder consultations, as its title suggests, requires that border agencies hold regular consultations

¹¹ Dominican Republic-Central America-United States Free Trade Agreement, signed in August 2004.

with traders, stakeholders and interested parties on trade-related and Customs laws. The figures show that this measure has varied degrees of implementation in the region but falls mostly within the purview of partially implemented. Country experiences suggest that although this practice is used, it is not consistent or systematic and is applied on a case-by-case basis. The least progress has been made on the advance publication or notification of new regulations prior to their entry into force (59%). Six countries reported not having implemented that measure yet, with eight more reporting partial implementation. In some countries, there is no legislation in place that mandates advance publication and, therefore, it is either not done or, alternatively, practiced sporadically.

Across all measures, South America and Central America and Mexico register above average rates of implementation (88% and 84%, respectively). In both sub-regions, almost all countries report full or at least partial implementation of all measures in this category. The Caribbean lags behind, with a 61% average rate of implementation. The largest gaps relate to the issuance of advance rulings and the advance publication or notification of new regulations. Average implementation rates of these two measures in the Caribbean are 38% and 33%, respectively (see figure 10), with four countries (Antigua and Barbuda, Jamaica, Saint Kitts and Nevis, and Saint Vincent and the Grenadines) reporting no implementation in both cases. By contrast, both Cuba and the Dominican Republic have either partially or fully implemented all measures within this category.

Figure 10
Average implementation of transparency measures in LAC and its subregions, 2017
(Percentages)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

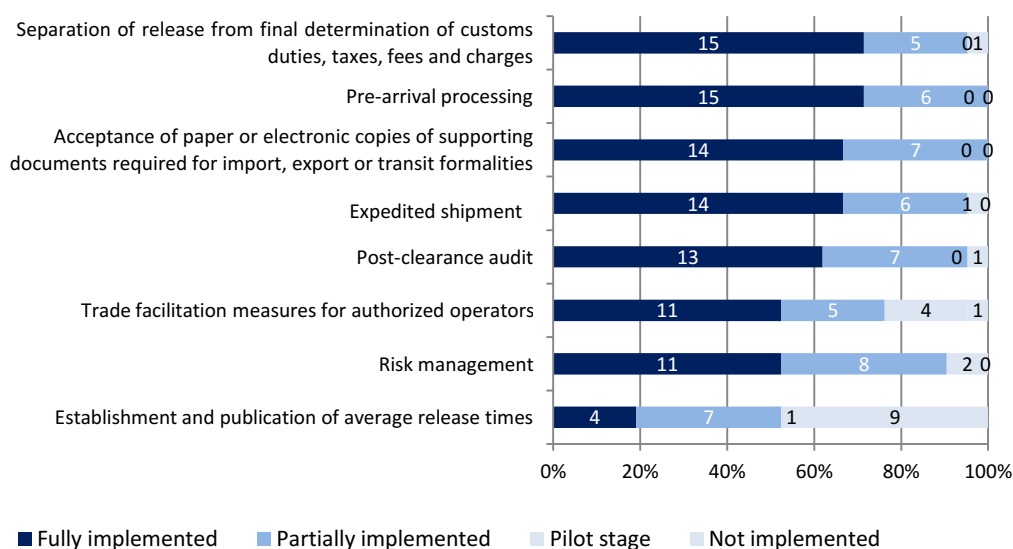
C. Formalities measures

The Global Survey examines eight measures – collectively referred to as “Formalities” – within the purview of streamlining and expediting trade procedures. These measures are based on Articles 6, 7, 9 and 10 of the TFA which, in turn, build upon GATT Article VIII (Fees and Formalities connected with Importation and Exportation). These measures relate to risk management, pre-arrival processing, post-clearance audit, separation of release from final determination of Customs duties, establishment and publication of average release times, authorized operators, expedited shipments and acceptance of paper or electronic copies of supporting documents. Together, these measures seek to simplify the

formalities for importing and exporting (such as, for example, document and information requirements) and reduce the fees, charges and duties associated with the entry and exit of goods across borders.

Latin America and the Caribbean presents its highest level of implementation in the Formalities category, with an average rate of 80% (up from 73% in 2015). Among the first formalities-related measures that would come into play in a typical import transaction is pre-arrival processing. This refers to Customs and other border agencies allowing importers to submit documentation and other information required for release of imported goods, in electronic format where appropriate, prior to the arrival of the goods in order to expedite their release. LAC presents a 90% implementation rate for this measure, the highest within the category of Formalities. Fifteen countries reported total implementation, with the remaining six indicating partial implementation (see figure 11).

Figure 11
Implementation levels of formalities measures in Latin America and the Caribbean, 2017
(Percentages and number of countries at each implementation level)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

The second most widely implemented Formalities measure in the region is the acceptance of paper or electronic copies of supporting documents (89%), sharply up from 70% in 2015. This is the second largest increase between both versions of the Global Survey and a concrete contribution to expediting trade procedures. All three sub-regions registered big improvements in this area.

Expedited shipments refer to trade facilitation procedures allowing for expedited release of at least those goods entered through air cargo facilities to persons (e.g., express shipping companies) that apply for such procedure, while maintaining Customs control. Overall the region has an 87% implementation rate for this measure, with all three sub-regions obtaining average scores above 80%. Besides being part of the TFA, this provision figures in all the FTAs signed by LAC countries with the United States since 2000, as well as in the Pacific Alliance (PA) free trade agreement.¹²

¹² The Pacific Alliance, created in 2011, is the newest economic integration agreement in Latin America. Its four members are Chile, Colombia, Mexico and Peru. These countries signed a plurilateral FTA in February 2014, which is in force since May 2016. The agreement contains a chapter on trade facilitation and customs cooperation. See http://www.sice.oas.org/Trade/PAC_ALL/facilitacioncomercioycooperacion aduanera.pdf (in Spanish).

Separation of release from final determination means that Customs allows importers to obtain release of their goods (under a guarantee if required) prior to the final determination of applicable Customs duties, taxes, fees and charges when such determination is not done prior to, upon arrival, or as rapidly as possible after arrival of the goods. The overall compliance rate in the region for this measure is 87%, with all three sub-regions showing a similarly strong performance. Only one country (Uruguay) reported that it still had not implemented this measure at least partially or as a pilot project. Indeed, this measure is the only one that Uruguay notified in category B for the purposes of the TFA, meaning that it will be implemented after an (unspecified) transitional period following the entry into force of the agreement.

Post-clearance audit (84% average implementation rate) refers to Customs' verification of compliance with Customs regulations through examination of traders' books and records at the premises following the release of goods. Under the TFA, post-clearance audits must be conducted with a view to expedite the release of goods and, wherever practical, inform risk management. Moreover, audits must be transparent and the persons subject to audit should be notified of the results. Thirteen out of the 21 participating countries have fully implemented post-clearance audits, with seven more indicating partial implementation. Only Trinidad and Tobago reported no implementation of this measure even at the pilot stage, explaining that legislative amendments are required for implementation of field audits.

Closely tied to post-clearance audits are risk management policies. Risk management is the methodology or practice that Customs uses to determine which import, export or transit transactions or operators should be subject to control and the type and degree of control to be applied. The TFA requires that Customs apply control on high risk consignments and expedite the release of low-risk goods. In order to do this, appropriate selectivity criteria must be applied. Risk management has an 81% compliance rate in the region, with South America and Central America and Mexico performing above average and Central America somewhat below (71%). Trends across the region reflect that many countries have adopted World Customs Organization (WCO) standards and are seeking to further centralize and streamline the process. Moreover, some countries, including Ecuador and Peru, have begun applying Big Data to make risk management processes more effective and efficient.

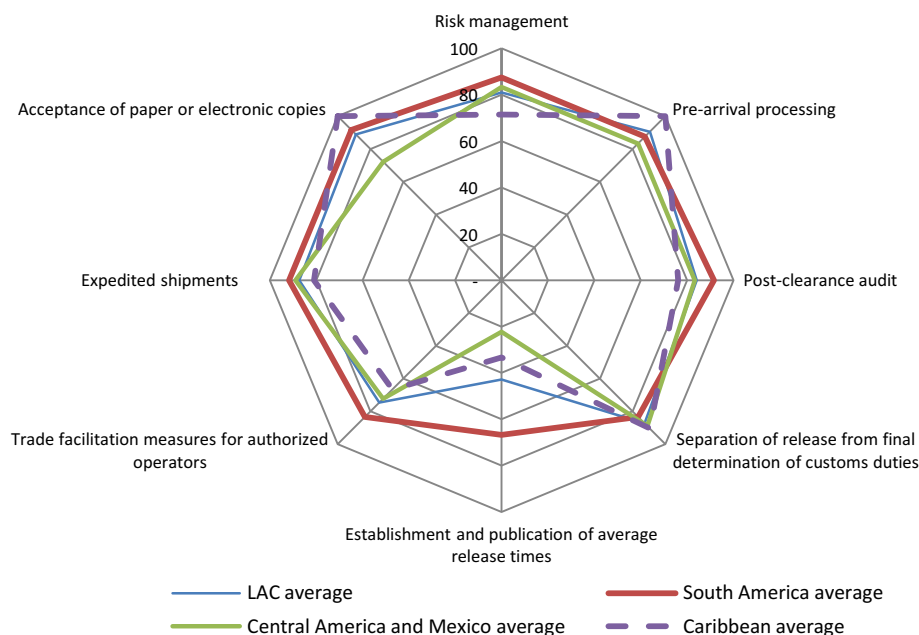
The regional implementation rate of trade facilitation measures for authorized economic operators (AEO) stands at 75%, sharply up from 61% in 2015. Only one country (Trinidad and Tobago) indicated that it had not yet implemented this measure even at the pilot stage, with 11 reporting full implementation (up from 7 in 2015). Progress within the PA is particularly noteworthy: three of its four members (Colombia, Mexico and Peru) report full implementation of this measure, with Chile being at the pilot stage. Moreover, the four countries are working towards the mutual recognition of their respective AEO schemes and expect to sign an agreement to that effect during the second half of 2017.

Same as in 2015, the least implemented measure in the Formalities grouping is the establishment and publication of average release times (43%, up from 39% in 2015). Only four countries in the region have fully implemented this measure (Brazil, Ecuador, Peru and the Dominican Republic), while seven more have partially implemented it. By contrast, 9 countries (from across the three sub-regions) report no implementation even at the pilot stage. Country evidence shows that often there is no legal obligation to publish release times.

Across all measures, South America achieves the highest average implementation rate in the category of Formalities (85%), followed by the Caribbean (77%) and Central America and Mexico (74%). Caribbean countries even scored 100% in pre-arrival processing and acceptance of paper or electronic copies (see figure 12). This reflects a big improvement on the Global Survey 2015, where the four participating Caribbean countries achieved a 53% average implementation rate in Formalities. It is worth

noting, however, that only two Caribbean countries (the Dominican Republic and Trinidad and Tobago) participated in both versions of the Global Survey, so the results are not directly comparable.

Figure 12
Average implementation of formalities measures in LAC and its subregions, 2017
(Percentages)



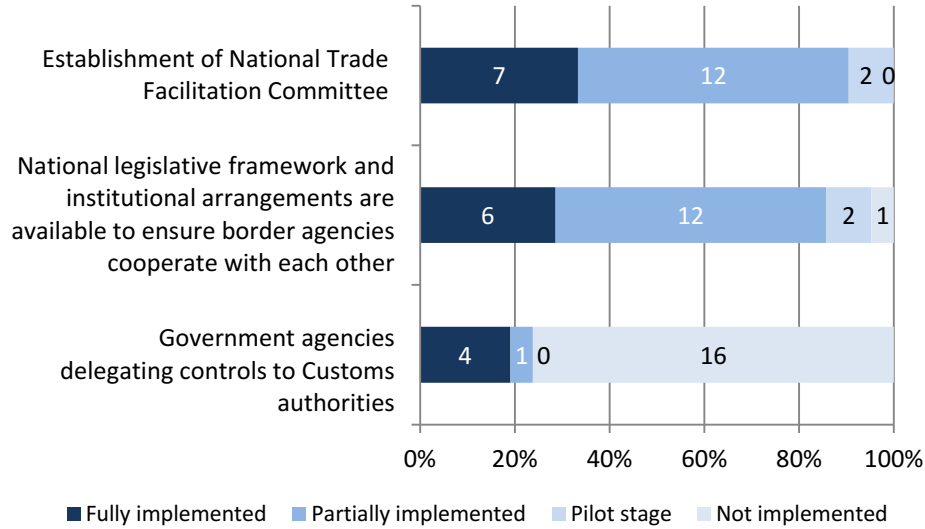
Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

D. Institutional arrangements and cooperation measures

This grouping is comprised of three very important measures. Based on Articles 8 and 23 of the TFA, they govern the institutional and policy framework necessary for implementation of other trade facilitation and paperless trade measures. For example, the establishment of a national trade facilitation committee (NTFC) refers to a formal institutional arrangement which must serve as a mechanism to bring together government actors and the private sector to identify and address challenges in order to streamline trade procedures. The other two measures in this category try to capture the extent to which Customs and other agencies involved in import, export and transit transactions cooperate with each other to facilitate cross-border trade.

Latin America and the Caribbean obtains an average implementation rate of 56% across the three measures, slightly up from 52% in 2015. Two of those measures (the establishment of a NTFC and arrangements for cooperation among border agencies) show relatively high implementation rates (75% and 70%, respectively). As noted in section 3A, the largest increase in implementation rates among all measures included in the Global Survey 2017 was in the establishment of NTFCs (up from 49% in the 2015 version). While in 2015 four countries reported full implementation of this measure and seven more indicated partial implementation, in 2017 those figures rose to seven and twelve countries, respectively (see figure 13). Progress in this area was influenced by the entry into force of the TFA in February 2017, since the establishment of NTFCs is crucial for its implementation.

Figure 13
Implementation levels of institutional arrangements and cooperation measures
in Latin America and the Caribbean, 2017
(Percentages and number of countries at each implementation level)

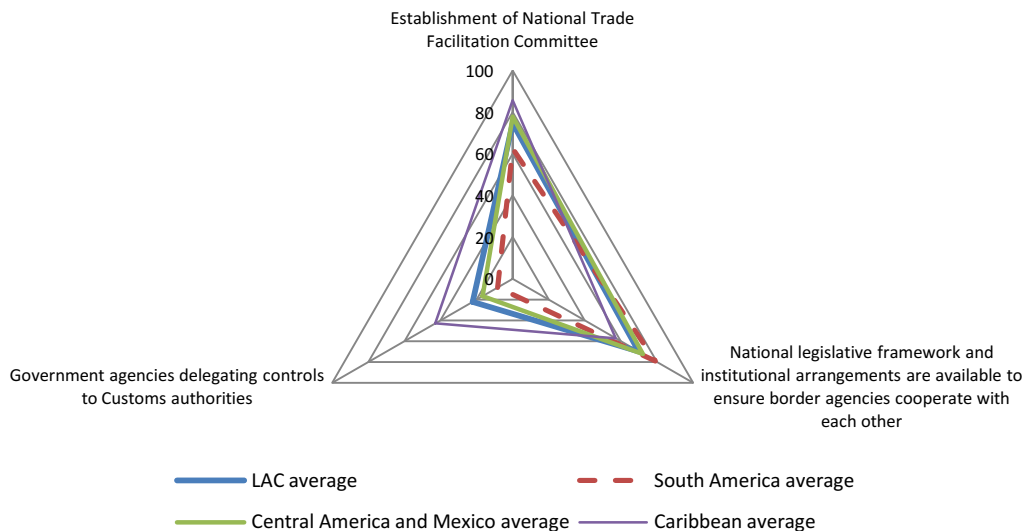


Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

In sharp contrast with the relatively high implementation levels of the other two measures in this category, between 2015 and 2017 the region seemed to go backwards as regards government agencies delegating control to Customs authorities. Between both years there was a 15-point drop in implementation (from 37% to just 22%), making it the third least implemented measure in the Global Survey 2017. This is the highest form of inter-agency collaboration, demanding a high level of trust among all agencies concerned in border controls. As long as this prerequisite is not met, border agencies will tend not to delegate functions to Customs.

Across all three measures, the Caribbean leads with a 62% average implementation rate, followed by Central America and Mexico (56%) and South America (50%). South America performs especially poorly on government agencies delegating control to Customs authorities (8%), with seven of the eight participating countries from this sub-region reporting not having implemented this measure in any degree yet (see figure 14). Similarly, only in one South American country (Brazil) the NTFC is fully operative, versus two from Central America (El Salvador and Nicaragua) and four from the Caribbean (Cuba, Jamaica, Saint Vincent and the Grenadines and Trinidad and Tobago).

Figure 14
Average implementation of institutional arrangements and cooperation
measures in LAC and its subregions, 2017
(Percentages)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

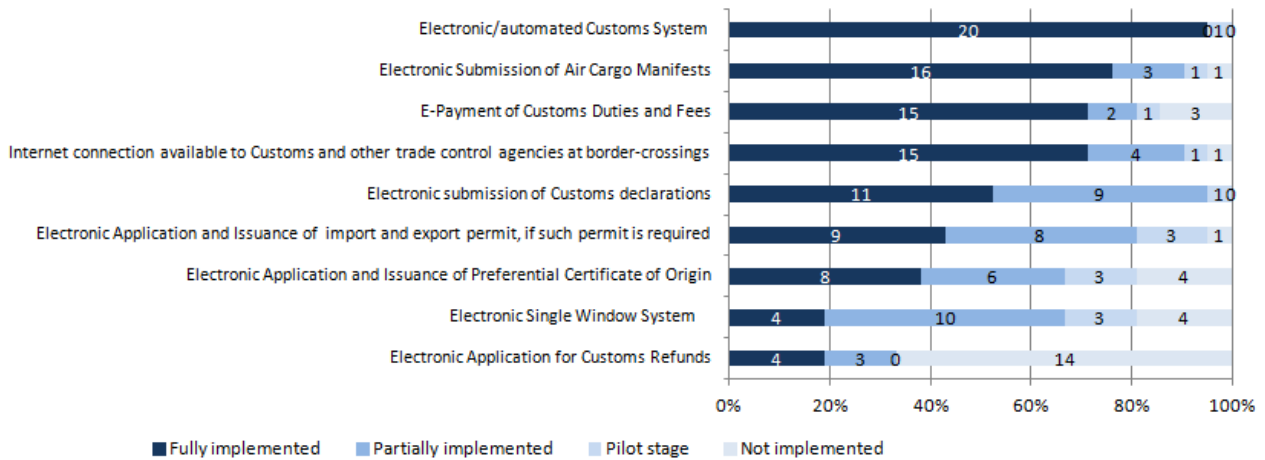
E. Paperless trade measures

The Global Survey examines nine measures that are categorized as paperless trade measures and which relate to the use and application of Information and Communications Technology (ICT) to fulfill formalities requirements. Paperless trade refers to “trade in goods, including their import, export, transit and related services, taking place on the basis of electronic communications, including exchange of trade-related data and documents in electronic form”.¹³ The measures examined in the Global Survey are based, in part, on TFA Articles 7 and 10 as well as the commitments generally contained in the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, currently open for signature by ESCAP member states.

Latin America and the Caribbean presents a 72% average implementation rate within the Paperless Trade category, slightly down from 73% in the Global Survey 2015. The most implemented measure is the use of an electronic/automated Customs system, with a 98% rate (see figure 15). Other widely implemented measures are: electronic submission of air cargo manifests (87%), Internet connection available to Customs and other control agencies at border crossings (86%), electronic submission of Customs declarations (83%), and electronic payment of Customs duties and fees (79%). Among the least implemented measures are: electronic application and issuance of preferential certificates of origin (62%, down from 70% in 2015), establishment of an electronic window system (56%, down from 63% in 2015), and electronic application for Customs refunds (29%, up from 26% in 2015).

¹³ See Article 3(a) of the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, at http://www.un.org/ga/search/view_doc.asp?symbol=E/ESCAP/RES/72/4&Lang=E.

Figure 15
Implementation levels of paperless trade measures in Latin America and the Caribbean, 2017
(Percentages and number of countries at each implementation level)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

Within the Paperless Trade category, it is the establishment of an electronic single window system that would permit compliance and practice of most, or all, of the remaining measures. A single window refers to a facility that enables parties involved in trade and transport to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point.¹⁴ When the single window is electronic, information and communications technology (ITC) is used to allow data and documents to be submitted and exchanged electronically.

As already noted, the region saw a seven point decrease in its overall implementation level for the establishment of an electronic single window with regard to the Global Survey 2015. While South America saw an eight point decline (from 79% to 71%), Central America improved its performance (from 67% to 72%) and that of the Caribbean remained almost unchanged (from 25% to 24%). The decrease in the region’s overall performance is explained both by South America’s lower performance and by the higher weight of the Caribbean region. While only four of the 19 participating countries in the Global Survey 2015 were from the Caribbean (21%), seven of the 21 participants in the Global Survey 2017 are from that sub-region (33%).

Within South America, the decline is explained partly by the cases of Ecuador and Peru. While both countries answered in 2015 that their respective electronic single windows were fully implemented, both reported in 2017 that implementation was only partial. The justification was that not all relevant parties were connected to the system (both in Ecuador and Peru) and that the system was not fully functional (Ecuador). In other words, the responses provided in 2015 seem to have been overly optimistic, overstating actual implementation levels. Overall, two South American countries have reported full implementation of this measure in 2017 (Colombia and Paraguay), with five being at the stage of partial implementation (Brazil, Chile, Ecuador, Peru and Uruguay). Argentina (which did not participate in the Global Survey 2015) is at the pilot stage.

In the case of Central America and Mexico, two countries (Costa Rica and Mexico) reported having fully implemented electronic single windows, while three reported partial implementation (El

¹⁴ See Article 10.4 of the TFA.

Salvador, Nicaragua and Panama) and one (Honduras) is at the pilot stage. In the Caribbean, the Dominican Republic and Trinidad and Tobago are the top performers, with both reporting partial implementation of their respective electronic single windows. By contrast, four countries (Antigua and Barbuda, Cuba, Jamaica and Saint Kitts and Nevis) informed that this measure has still not been implemented to any level, while Saint Vincent and the Grenadines reported being at the pilot stage. The main reasons why countries in all three sub-regions reported partial implementation were that not all relevant parties were connected yet and that the system was still not fully functional.

The remaining measures examined focus heavily on electronic transactions and the ICT infrastructure and support needed for paperless trade. As already noted, the most implemented measure within this category is the use of an electronic/automated Customs system. Twenty of the 21 participating countries reported that they have fully implemented an electronic Customs system, while Antigua and Barbuda reported being at the pilot state of implementation of the ASYCUDA World system. The electronic submission of air cargo manifests comes next with an 87% implementation rate, sharply up from 2015 (77%). South American countries register a particularly strong performance (96%), followed by the Caribbean (86%) and Central America and Mexico (78%).

Another measure with a high implementation rate (86%) relates to the availability of an Internet connection to Customs and other trade control agencies at border crossings. In practical terms, this allows parties to access information online about trade transactions. South America and Central America and Mexico have implementation rates above 90% for this measure, with the Caribbean standing at 71%. Nineteen of the 21 participating countries have either partially or fully implemented this measure. The exceptions are Antigua and Barbuda (pilot stage) and Cuba (not implemented). The electronic submission of Customs declarations also has a high rate of implementation with an 83% average. Twenty of the 21 participating countries have either partially or fully implemented this measure, with the only exception being Antigua and Barbuda (pilot stage).

Given the large number of FTAs and other preferential trade agreements to which countries in the region are signatories, the electronic application and issuance of preferential certificates of origin is particularly important. Here the region reports an eight-point drop in its implementation rate compared to 2015, from 70% down to 62%. While South America improved its performance between both years (from 67% to 71%), the opposite happened in Central America and Mexico (from 71% to 61%) and in the Caribbean (from 75% to 52%). In the case of Central America and Mexico, the drop is explained mostly by the absence of Guatemala in the Global Survey 2017 (it reported full implementation in 2015). All other participating countries in the sub-region reported the same implementation levels of 2015, except Honduras which went from partial implementation to pilot stage.

In the case of the Caribbean, the drop in its implementation rate is also attributable to the change in the group of participating countries. The only two Caribbean countries that participated in both surveys (the Dominican Republic and Trinidad and Tobago) reported full implementation in 2015 and 2017. However, Surinam, which reported full implementation in 2015, did not participate in 2017, while two of the new participants in the 2017 survey reported no implementation of this measure (Jamaica and Saint Vincent and the Grenadines). The larger weight of the Caribbean in the overall sample in 2017 (33% of participants versus 21% in 2015) also contributed to a lower LAC score. Countries across the three sub-regions note that when the certificate of origin can be applied for and issued electronically, it is usually done so through the electronic single window.

With respect to the electronic application and issuance of trade permits, the region as a whole exhibits a 73% rate of implementation, up from 70% in 2015. However, while South America and Central America and Mexico show implementation rates near 90% (both up from 2015 levels), in the Caribbean it is just 43% (down from 50% in 2015). Same as with the electronic application and issuance of

preferential certificates of origin, the explanation for this drop rests largely in the different set of participating countries. In particular, Surinam, which reported full implementation in 2015, did not participate in 2017, while several of the new participants in the 2017 survey reported no implementation of this measure (Antigua and Barbuda) or being at the pilot stage (Jamaica, Saint Kitts and Nevis, and Saint Vincent and the Grenadines).

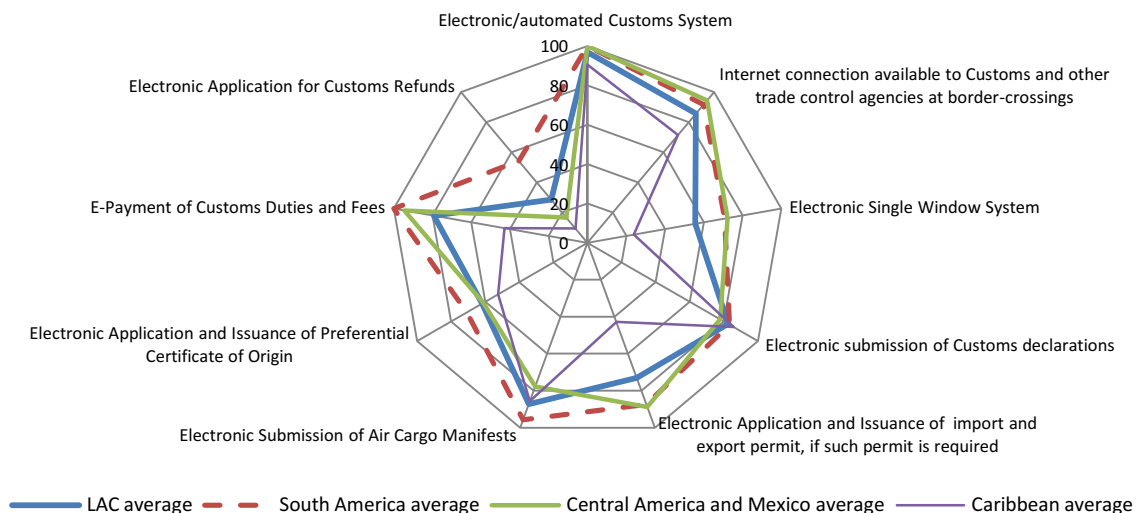
For those countries where electronic application and issuance of trade permits is at a partial level of fulfillment, country data suggests that this reflects one or more of the following possibilities: (i) not every permit is available electronically; (ii) permits are available either for export or import (but not both); (iii) not all relevant public agencies that can issue permits are equipped to do so electronically; or (iv) notwithstanding electronic application and issuance, physical copies must still be exchanged between the trader and the relevant agency.

Two related measures —electronic payment of Customs duties and fees and electronic application for Customs refunds— exhibit opposite results. E-payment, based on Article 7.2 of the TFA, states that countries, to the extent practicable, shall adopt or maintain procedures allowing the option of electronic payment for duties, taxes, fees, and charges collected by Customs and incurred upon importation and exportation. For this measure, the region presents a 79% rate of implementation, with very high rates in South America and Central America and Mexico (100% and 94%, respectively) and a much lower one in the Caribbean (43%, down from 50% in 2015). The reason for this drop is essentially the same explained above for other measures.

The electronic application for Customs refunds has by far the lowest rate of implementation in this category at only 29%, marginally up from 26% in 2015, and is one of the least implemented measures in the Global Survey. Sub-regional implementation levels differ sharply: 54% in South America (unchanged from 2015), against only 17% in Central America and Mexico (up from 10% in 2015) and just 10% in the Caribbean (up from 0% in 2015). Only Brazil, Chile, Mexico and Uruguay reported full implementation of this measure, with Argentina, Cuba and Peru indicating partial implementation. The remaining fourteen participating countries have not implemented it at all and no evidence was provided of pilot stage efforts.

Across all measures, South America has the highest rate of implementation with an average of 83%, followed by Central America and Mexico (76%) and the Caribbean (56%). The areas in which the Caribbean trails the most are the electronic payment of Customs duties and fees, the electronic single window, and the electronic application and issuance of import and export permits (see figure 16).

Figure 16
Average implementation of paperless trade measures in LAC and its subregions, 2017
(Percentages)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

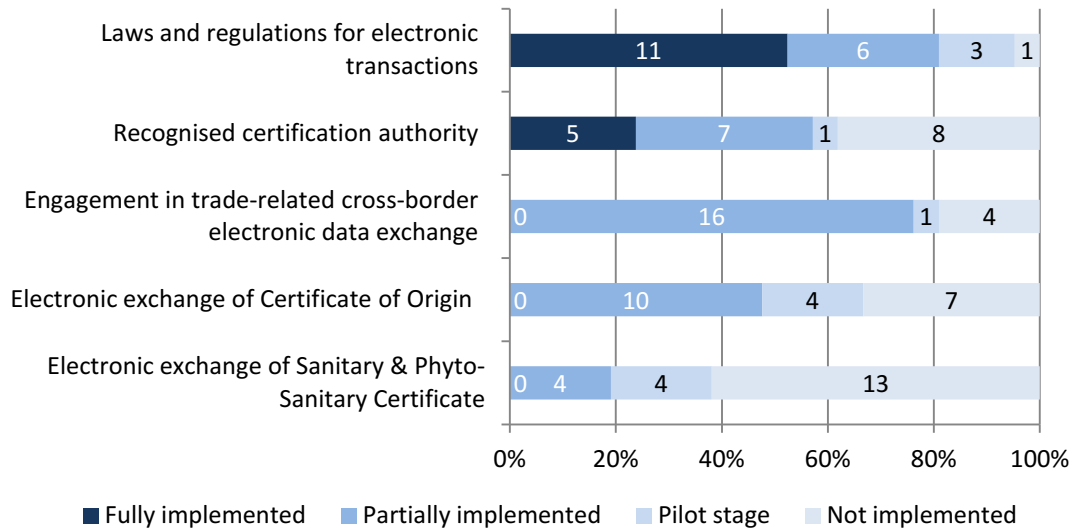
F. Cross-border paperless trade measures

Paperless trade involves conducting trade transactions on the basis of an electronic exchange of data and documents, in contrast to the traditional way of exchanging trade related-data using paper documents (Sung and Sang, 2014). Cross-border paperless trade is particularly important in the context of regional and global value chains. As more countries become involved in the production of goods and services, the number of border crossings grows, making the expeditious flow of relevant documentation ever more important.

The Global Survey includes five cross-border paperless trade measures. Latin America and the Caribbean presents a 47% average rate of implementation of these measures, marginally up from 46% in 2015. However, progress has not been consistent across all measures. The most widely implemented measure relates to the existence of laws and regulations for electronic transactions, with a regional average rate of implementation of 76% (down from 84% in 2015). This is followed by country engagement in trade-related cross-border electronic data exchange (52%, slightly up from 51% in 2015) and recognized certification authorities issuing digital certificates to traders to conduct electronic transactions (48%, down from 54% in 2015). The lowest average rates of implementation concern the electronic exchange of certificates of origin (38%, up from 28% in 2015) and of sanitary and phytosanitary certificates (19%, up from 11% in 2015).

Two measures —the existence of laws and regulations for electronic transactions and of recognized certification authorities issuing digital certificates to traders to enable them to conduct electronic transactions— are considered the “basic building blocks toward enabling the exchange and legal recognition of trade-related data and documents” (ESCAP, 2015). Survey responses indicate that 11 of the 21 participating countries have fully implemented laws and regulations for electronic transactions, with six more reporting partial implementation, three being at the pilot stage (Antigua and Barbuda, El Salvador and Saint Vincent and the Grenadines) and only one (Cuba) not having such laws in force (see figure 17).

Figure 17
Implementation levels of cross-border paperless trade measures
in Latin America and the Caribbean, 2017
(Percentages and number of countries at each implementation level)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

For digital signatures to be recognized and accepted (as part of electronic trade transactions), a trusted third party known as a certification authority is needed to issue digital certificates that serve to verify the electronic identities of users and organizations. Implementation of this measure in the region falls on opposite ends of the spectrum: 5 countries (Brazil, Colombia, Costa Rica, Mexico and Uruguay) exhibit full implementation, while 8 countries (Antigua and Barbuda, Honduras, Jamaica, Nicaragua, Peru, Saint Kitts and Nevis, Saint Vincent and the Grenadines, and Trinidad and Tobago) exhibit non-implementation. Seven countries report partial implementation and one (Panama) has indicated being at the pilot stage.

An essential pillar to achieving cross-border paperless trade is for countries to engage in trade-related cross-border electronic data exchange. This encompasses the electronic exchange of documents that are necessary to complete an international trade transaction. Sixteen countries from the Global Survey exhibit partial implementation of this measure. The Caribbean is the weakest performer in this area: Antigua and Barbuda indicated being at the pilot stage, while Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines and Trinidad and Tobago reported not engaging at all in trade-related cross-border electronic data exchange.

With respect to the electronic cross-border transmission of trade-related documents, the Global Survey examines two specific documents: certificates of origin and sanitary and phytosanitary certificates. As referenced previously, certificates of origin serve as sworn declarations by exporters to identify the origin of a product in order to determine if preferential treatment will be granted and/or what duties will be assessed upon the product. Sanitary and phytosanitary certificates, for their part, are utilized by exporters to indicate that a product complies with a country's food safety standards as well as animal and plant health regulations.

Although the LAC region shows a 62% implementation rate for the electronic application and issuance of certificates of origin to traders within a country (see Section 3.E above), the results are much

lower for the cross-border electronic exchange of those certificates between countries (38%). This regional average masks very large differences among sub-regions: Central America and Mexico leads with 61%, followed by South America (50%) and the Caribbean with just 5%. No country among the 21 participants exhibits full implementation of this measure, because none exchanges electronically certificates of origin with all its preferential trading partners. Ten countries report partial implementation.

Central America's leading position is strongly related to the cross-border electronic exchange of the Central American Single Customs Document (*Formulario Aduanero Único Centroamericano*, FAUCA). This document, used for trade among the six Central American countries, serves also as a preferential certificate of origin at the sub-regional level. Similarly, the four members of the Pacific Alliance (Chile, Colombia, Mexico and Peru) report progress towards the electronic exchange of digital certificates of origin among themselves through their respective electronic single windows. Both Chile and Colombia also exchange digital certificates of origin with Ecuador. For their part, Argentina and Brazil exchange digital certificates of origin with each other since May 2017, in the context of the ongoing initiative on digital certification of origin being carried out at the Latin American Integration Association (ALADI in Spanish).¹⁵

The lowest rate of implementation (just 19%) corresponds to the electronic cross-border exchange of sanitary and phytosanitary certificates. Chile, Colombia, Mexico and Peru are the most advanced countries in this regard. Since July 2016 they electronically exchange phytosanitary certificates among themselves through their respective electronic single windows, in the context of the Pacific Alliance. Four other countries (Antigua and Barbuda, Costa Rica, Ecuador and Honduras) indicated that they are in the pilot phase. In the case of Costa Rica and Honduras, this corresponds to efforts being carried out in the context of the Central American economic integration agreements. In the case of Ecuador, it was reported that work is being carried out in the context of the Andean Community¹⁶ as well as with the Netherlands. Antigua and Barbuda reported unspecified progress with the other CARICOM members¹⁷, the United States and Europe. The remaining thirteen participating countries from the region do not show any evidence yet of implementing this measure.

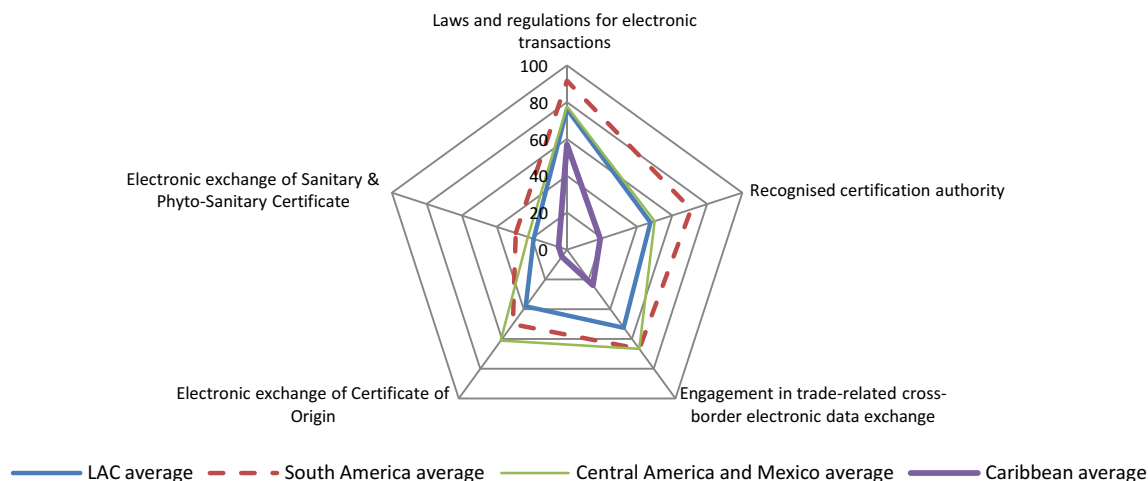
Across all measures, and same as in other categories, there is a considerable gap between average implementation levels in South America (62%) and Central America and Mexico (56%), on the one hand, and that of the Caribbean (22%), on the other (see figure 18).

¹⁵ The membership of ALADI includes ten South American countries (Argentina, the Plurinational State of Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and the Bolivarian Republic of Venezuela) plus Cuba, Mexico and Panama.

¹⁶ The Andean Community, established in 1969 as the Andean Pact, is one of the oldest economic integration agreements in Latin America. Its current members are the Plurinational State of Bolivia, Colombia, Ecuador and Peru. These four countries have established a free trade area among themselves, pursuant to which essentially all trade in goods is conducted free of tariffs.

¹⁷ The Caribbean Community (CARICOM) was established in 1973. It has 15 full members, all of which (except for Belize, Guyana and Surinam) are island States.

Figure 18
Average implementation of cross-border paperless trade measures in LAC and its subregions, 2017
(Percentages)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

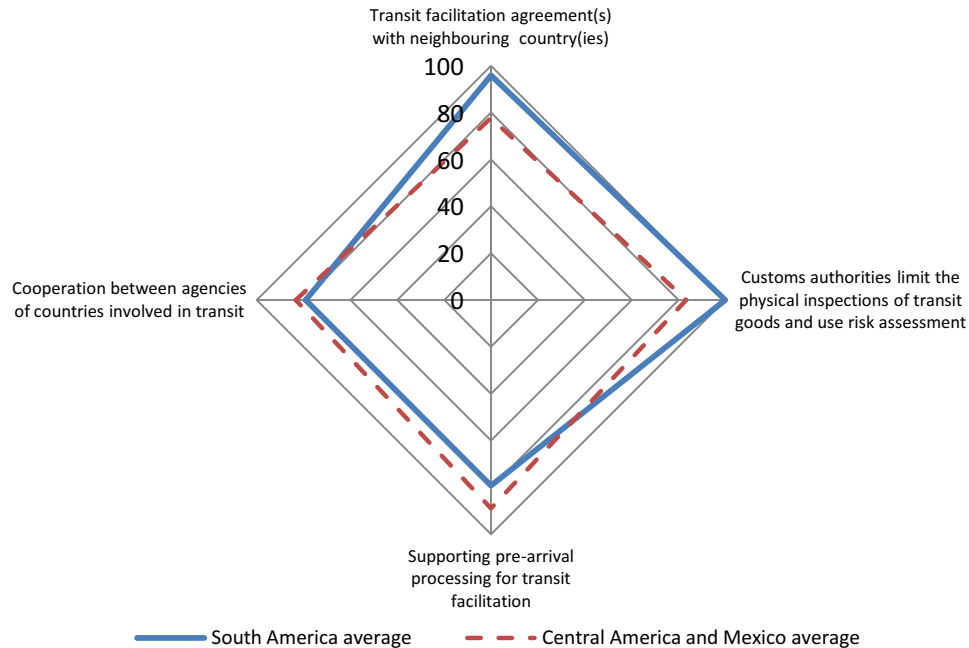
G. Transit facilitation measures

The Global Survey examines four measures related to transit facilitation which are based on Article 11 of the TFA. Unlike other trade facilitation measures which involve the import and export of goods at a definite point of arrival and origin, transit facilitation measures encompass the regulations and policies that Customs and transport ministries apply to goods that must pass through a country before reaching a final point of destination. The TFA (Article 11) requires that regulations or formalities in connection with traffic in transit be applied in the least trade-restrictive manner possible and that applicable fees or charges are limited in scope. Transit facilitation is particularly important for landlocked countries, that being the case of the Plurinational State of Bolivia and Paraguay in the LAC region.

LAC presents an 86% average rate of implementation of transit facilitation measures, up from 74% in 2015. The average performance of South America and of Central America and Mexico is 89% and 83%, respectively (see figure 19).¹⁸ Overall, the most implemented measure relates to Customs authorities limiting the physical inspection of transit goods and using risk assessment (92%, sharply up from 73% in 2015), followed by the existence of transit agreements with neighboring countries (87%, unchanged from 2015). Third comes supporting pre-arrival processing for transit facilitation (84%, up from 71% in 2015) and fourth cooperation between agencies of countries involved in transit with 81%, up from 64% in 2015 (see figure 20). Beyond this measure-by-measure breakdown, an analysis of transit facilitation arrangements lends itself to a sub-regional analysis (see below).

¹⁸ The types of transit facilitation measures included in the Global Survey are generally not applicable or relevant in the case of island states. Therefore, the Caribbean sub-region is not included in this section.

Figure 19
Average implementation of transit facilitation measures in South America and
in Central America and Mexico, 2017
(Percentages)

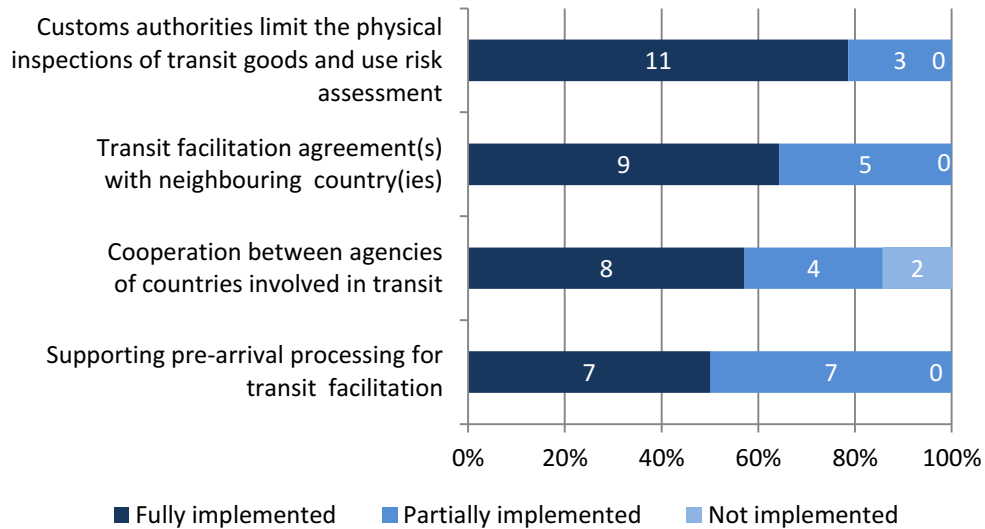


Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

The countries comprising the Central America and Mexico sub-region (also known as Mesoamerica) participate in the Mesoamerica Project. This is a regional integration and development plan that aims to connect Mexico, all six Central American countries, Colombia and the Dominican Republic by stimulating investment in infrastructure and focusing on energy, telecommunications, trade facilitation, and human development, among other issues. In this realm, Central America and Mexico have implemented the “Mesoamerican Procedure for the International Transit of Goods” Program (*Procedimiento Mesoamericano para el Tránsito Internacional de Mercancías* or TIM in Spanish) that governs goods transport between and among all countries from Mexico to Panama, or otherwise known as the Pacific Corridor. This program —based on the New Computerized System used in the European Union— is the main trade (and transit) facilitation, Customs control and border security initiative in place in the Central America and Mexico sub-region (WCO, 2012).

In practice, TIM is an “electronic system for managing and controlling the movement of goods in transit, harmonizing previously cumbersome procedures into a single electronic document” (WCO, 2012). It is based on three main pillars: (i) harmonizing multiple paper-based declarations into a unique and comprehensive electronic document that gathers all data needed by customs, immigration and sanitary agencies, namely, the Single Transit Declaration; (ii) connecting the intranet systems of participating countries, including state-of-the-art risk analysis and cargo control system; and (iii) improving the cooperation with countries and between agencies operating at border crossings. Against this background, survey results show that the six participating countries from the Central America and Mexico sub-region exhibit either partial or full implementation of all transit facilitation measures examined.

Figure 20
Implementation levels of transit facilitation measures in Latin America and the Caribbean, 2017
(Percentages and number of countries at each implementation level)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

In South America, transit facilitation efforts are spearheaded by the various sub-regional integration schemes in place such as the Andean Community (AC), ALADI, the Common Market of the South (MERCOSUR) and the Pacific Alliance, along with some bilateral efforts (see Jaimurzina, 2014 for a list of relevant regional initiatives). The AC in particular has a well-developed legal framework for transit facilitation matters that is of a supranational character. There is a common regulatory framework in place that governs transport of goods from a point of origin to a final destination, and all borders in between, when those points lie within the boundaries of AC member states. Moreover, the AC has adopted a Single Customs Document based on recommendations of the Kyoto Convention of the World Customs Organization.¹⁹

Transit facilitation in South America is also governed by the Agreement on International Land Transport (or *Acuerdo sobre Transporte Terrestre Internacional*, ATIT in Spanish), entered into in 1990 by Argentina, the Plurinational State of Bolivia, Brazil, Chile, Paraguay, Peru, and Uruguay (LAIA, 2013). This agreement governs the transport of goods and passengers as well as rail transport among signatory countries. MERCOSUR —currently comprised of Argentina, Brazil, Paraguay, Uruguay, and the Bolivarian Republic of Venezuela— has utilized ATIT commitments as the basis for its institutional regulatory framework governing transit facilitation. Moreover, it has supplemented these commitments through various Resolutions that govern the transport of dangerous goods.

¹⁹ This is the International Convention on the Simplification and Harmonization of Customs procedures, which entered into force in 1974 and was subsequently revised and updated. The Revised Kyoto Convention, adopted by the WCO Council in 1999, entered into force in February 2006.

H. Trade facilitation for small and medium enterprises

The Global Survey 2017 innovates on the 2015 version by incorporating four questions related to trade facilitation measures specifically oriented towards Small and Medium Enterprises (SMEs). Given their limited human and financial resources, these firms tend to be disproportionately affected by complex documentary and procedural requirements, to the extent that these may become insurmountable obstacles to their participation in international trade. Against this background, the region as a whole obtains a 58% average implementation rate across the four measures, with South America outperforming the other two sub-regions by wide margins (see table 5).

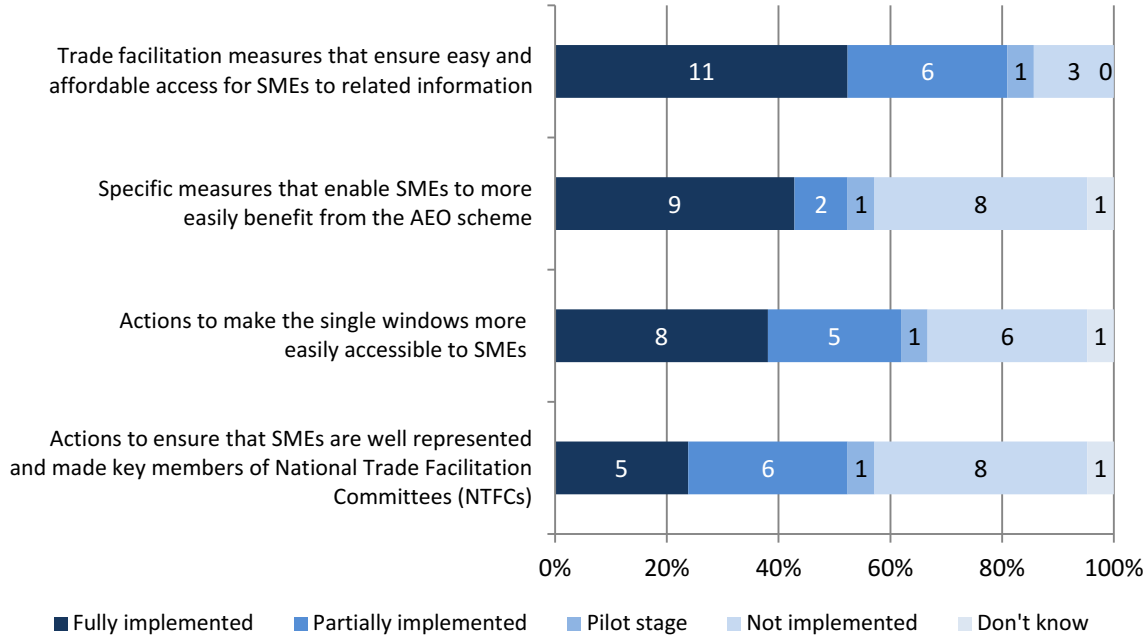
The region performs best in easing SME access to trade-related information (73%): eleven countries report that they have fully implemented measures to that effect, with six more indicating partial implementation (see figure 21). In particular, the reported implementation of this measure among participating South American countries is nearly universal, at 96%. The second area where most progress has been made across the LAC region relates to easing SME access to single windows (58%). Next come measures to facilitate SME participation in Authorized Economic Operator (AEO) schemes (53%) and ensuring adequate SME participation in National Trade Facilitation Committees (47%).

Table 5
Average implementation of SME-oriented trade facilitation measures
in LAC and its subregions, 2017
(Percentages)

Question		LAC average	South America average	Central America and Mexico average	Caribbean average
40	Trade facilitation measures that ensure easy and affordable access for SMEs to trade related information	73.0	95.8	55.6	61.9
41	Specific measures that enable SMEs to more easily benefit from the Authorized Economic Operator (AEO) scheme	53.3	75.0	33.3	44.4
42	Actions to make single windows more easily accessible to SMEs	58.3	81.0	66.7	28.6
43	Actions to ensure that SMEs are well represented and made key members of NTFCs	46.7	33.3	55.6	52.4
Average by sub-region		57.8	71.3	52.8	46.8

Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

Figure 21
Implementation levels of SME-oriented trade facilitation measures
in Latin America and the Caribbean, 2017
(Percentages and number of countries at each implementation level)

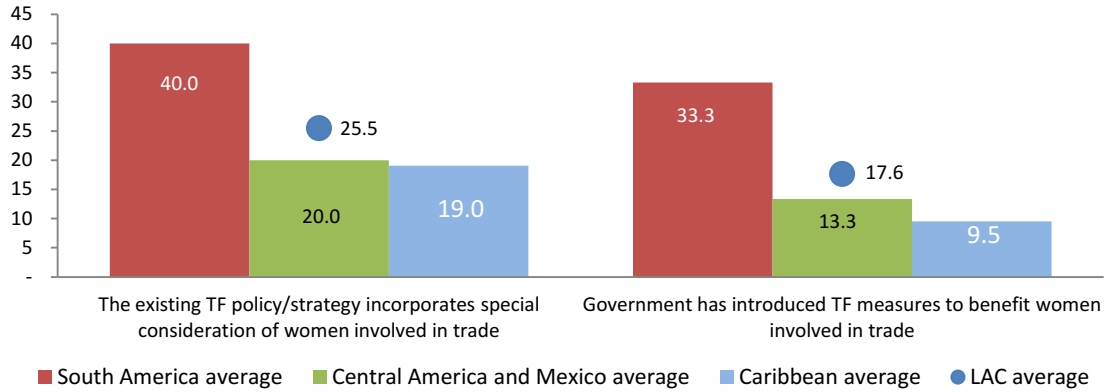


Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

I. Women in trade facilitation

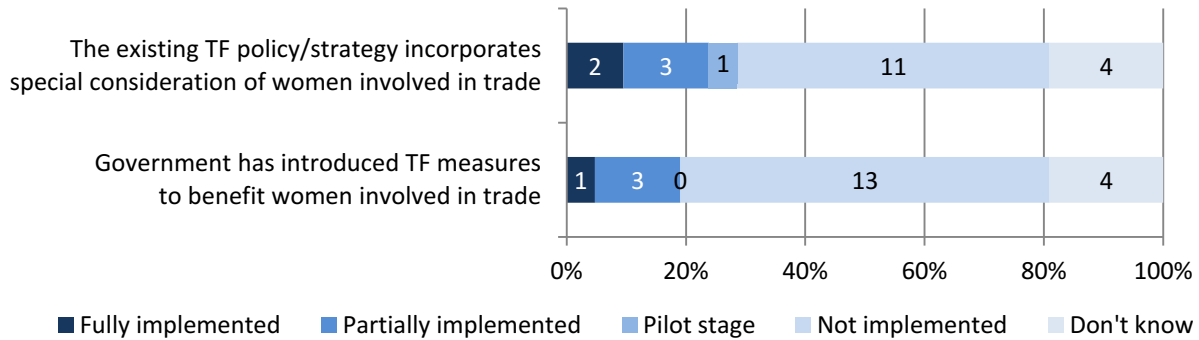
Gender inequality can constrain a country’s trade expansion and hinder its international competitiveness (Higgins, 2012). Thus the Global Survey 2017 builds upon the 2015 version by incorporating two questions that gauge the extent to which participating countries’ efforts in trade facilitation take into account the specific needs of women involved in trade. Question 44 relates to whether the existing trade facilitation policy and/or strategy incorporates special consideration of women involved in trade, while question 45 asks whether specific measures have been introduced to that effect. Survey results show that this is the area where least progress has been made across the region, particularly in Central America and Mexico and in the Caribbean (see figures 22 and 23).

Figure 22
Average implementation of women-oriented trade facilitation measures
in LAC and its subregions, 2017
(Percentages)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

Figure 23
Implementation levels of women-oriented trade facilitation measures
in Latin America and the Caribbean, 2017
(Percentages and number of countries at each implementation level)



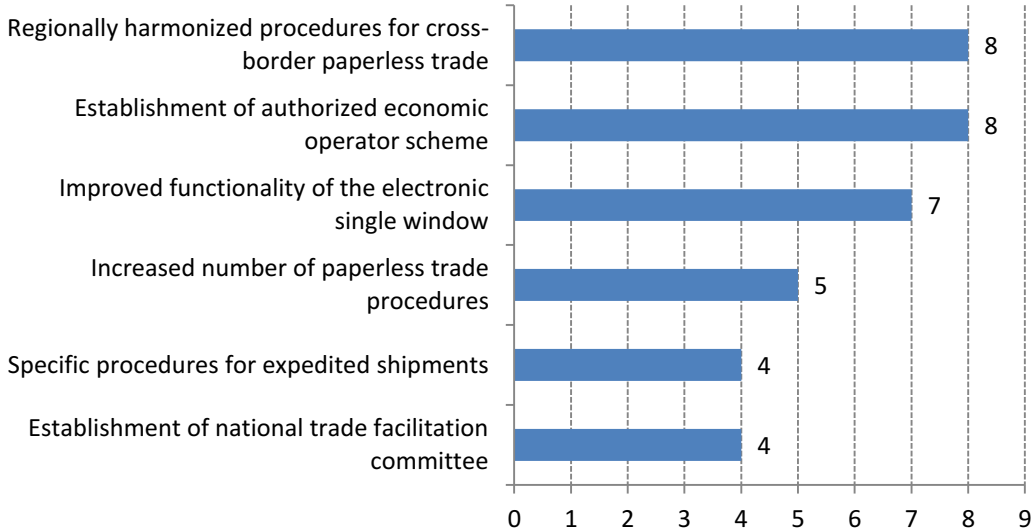
Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

The majority of participating countries reported no implementation in the two questions within this category. Only Ecuador reported full implementation in both, whereas Mexico indicated full implementation in question 44. It is noteworthy that the three subregions obtain higher scores in question 44 than in question 45. This indicates that LAC countries have made more progress in incorporating gender considerations in their general trade facilitation policy frameworks than in translating those considerations into actual measures.

IV. Notable achievements and common challenges in implementing trade facilitation and paperless trade measures in Latin America and the Caribbean

Country respondents were asked to identify trade facilitation and paperless trade measures in which their countries had made the most progress in the last 12 months. The measures most frequently mentioned relate to the regional harmonization of procedures for cross-border paperless trade (especially among Central American countries, but also among members of the Pacific Alliance) and to the establishment of authorized economic operator schemes (see figure 24). Next comes the improved functionality of existing single electronic windows and –closely related to it- the increase in the number of trade-related procedures (for example, payment of Customs duties, application and or issuance of documents) that can be conducted electronically.

Figure 24
Trade facilitation and paperless trade measures on which most progress was made in Latin America and the Caribbean in the last 12 months
(Number of mentions)



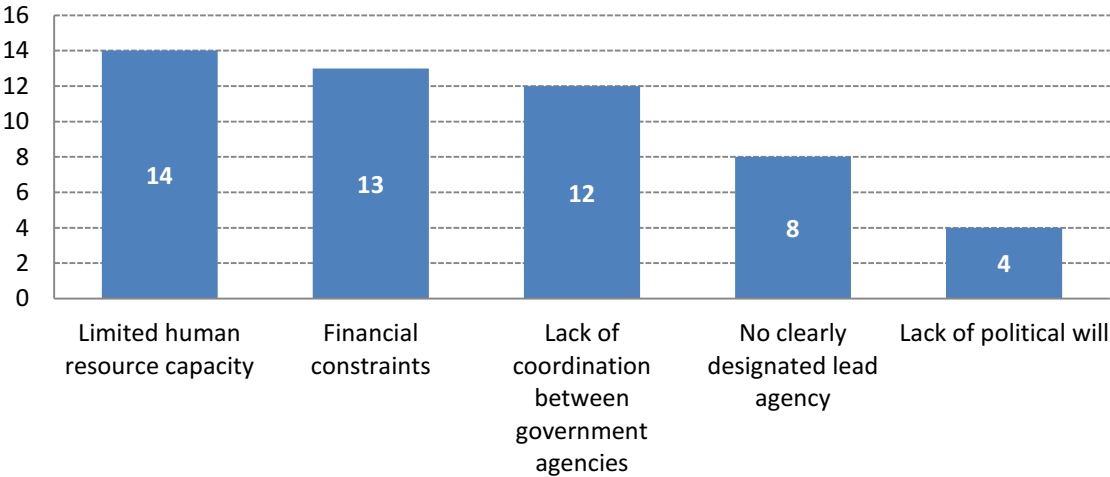
Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

Country respondents were also asked to identify the most serious challenges faced by their countries in implementing trade facilitation measures. Notably, the most frequently mentioned challenge was limited human resource capacity, slightly ahead of financial constraints. Lack of coordination between government agencies also featured prominently (see figure 25). These results suggest that technical assistance and capacity building are needed in the region at least as much as financial assistance to implement certain measures.

Survey results also indicate that the cross-cutting, multi-agency nature of trade facilitation continues to raise important institutional challenges for governments in the region. Although trade facilitation is often seen as relevant only to Customs agencies, it concerns many other institutions that perform inspections at the border and/or issue documents that are necessary for trade transactions to

be completed. However, not all those agencies see expediting trade as one of their priorities. All this means that coordination needs are considerable, as well as potential conflicts (for example, in appointing a lead agency ultimately responsible for the implementation of the trade facilitation agenda). The setting up of National Trade Facilitation Committees, as required by the TFA, provides an opportunity for countries in the region to explore the most adequate institutional frameworks according to their own circumstances.

Figure 25
Most common challenges faced by Latin American and Caribbean countries in implementing trade facilitation and paperless trade measures
(Number of mentions)



Source: Author, on the basis of data from the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

V. Conclusions and way forward

For Latin America and the Caribbean, making progress in the trade facilitation agenda is important for several reasons. By easing trade among countries of the region, it can help to raise its low level of intraregional trade, which currently stands at just 16% of the region's total exports. Since red tape at the border affects SMEs disproportionately, trade facilitation also encourages the internationalization of such firms, the overwhelming majority of which do not export in the Latin American case.²⁰ This may in turn promote export diversification, thus helping to reduce the very high concentration in commodities that characterizes the export baskets of many countries in the region (particularly in South America). The expeditious movement of goods across borders is critical for the success of international production networks. Hence progress in trade facilitation may help to increase the presence of Latin America and the Caribbean in regional and global value chains, which –with some exceptions- is currently very limited. At a more general level, several of the concepts embodied in the trade facilitation agenda (for example, increasing the transparency, efficiency and accountability of public agencies) are important to reform the State and to fight corruption.

The results of the Global Survey 2017 indicate that Latin America and the Caribbean as a whole has made considerable progress in implementing trade facilitation measures. However, progress is uneven across countries and subregions. All participating South American countries, as well as Mexico, Costa Rica and the Dominican Republic, perform above the regional average. By contrast, several participating countries from Central America and especially the Caribbean obtained below-average scores. These results suggest that international cooperation efforts, for example through the WTO's Trade Facilitation Agreement Facility, should especially (although not exclusively) target this second group of countries.

The group of 21 participating countries presents average implementation rates above 80% in more than half of the core trade facilitation measures included in the Global Survey. These include pre-arrival processing, the establishment of independent appeal mechanisms for Customs decisions, the acceptance of paper or electronic copies of required documents, the separation of release from the final determination of Customs duties, provisions for expedited shipments, the electronic submission of sea and cargo manifests, and the use of risk management, among others. Moreover, all participating countries except Antigua and Barbuda have electronic/automated Customs systems fully in place. Other important measures have implementation rates in the 70% to 79% range, such as e-payment of Customs duties and fees, availability of advance rulings, trade facilitation measures for authorized operators, establishment of National Trade Facilitation Committees and electronic application and issuance of import and export permits.

At the other end, some of the measures with the lowest implementation rates relate to paperless trade (both internal and cross-border): the electronic exchange of certificates of origin (38%) and of sanitary and phytosanitary certificates (19%), and the electronic application for Customs refunds (29%). This is not surprising, since these measures require the support of a sophisticated ICT infrastructure and –in the case of cross-border measures- close cooperation between the relevant agencies of the countries exchanging information. Some other measures with low implementation rates

²⁰ Low SME internationalization in the region is a consequence of multiple factors, including informality and limited access to credit, technology and the best management practices, among others. Therefore, while trade facilitation helps internationalization by reducing administrative barriers to trade, other public policies are also required.

do not appear to require big financial investments, such as the publication of average release times for import shipments (43%) or border agencies delegating controls to Customs authorities (22%). In these cases, limiting factors could be mainly of a political or institutional nature (i.e. trade facilitation is not seen as a political priority, insufficient inter-agency coordination, or resistance by Customs or other agencies to increased accountability and transparency in their daily work). The region also scores low on ensuring that SMEs and especially women involved in trade can make the most of trade facilitation measures. These are two areas where international cooperation could make an especially valuable contribution.

The considerable progress made by most participating countries in implementing trade facilitation measures at the national level would have a greater impact on trade flows and production integration if such advances are coordinated at the regional or subregional level. Central America is a good example, as shown by its positive experience using CAUCA, TIM and other common trade facilitation instruments. More recently, there have been some encouraging developments in other parts of the region. In particular, the Pacific Alliance has made great strides in the area of trade facilitation, including the electronic exchange of origin and phytosanitary certificates among its members and ongoing work towards mutual recognition of their respective authorized operator schemes. Moreover, in April 2017 the members of the Pacific Alliance and Mercosur (Latin America's two largest economic integration mechanisms) agreed on a roadmap for further cooperation, including several trade facilitation-related topics such as digital certification of origin, customs cooperation and interconnection of electronic single windows.²¹ The initiative on digital certification of origin being carried out in the context of the Latin American Integration Association (ALADI) also holds great promise in this regard.

Country respondents identified limited human resource capacity and lack of coordination between government agencies as two of the three most important challenges faced by their countries in implementing trade facilitation measures. These results suggest that technical assistance and capacity building are needed as much as financial assistance to implement certain measures. Survey results also highlight the institutional challenges associated to the trade facilitation agenda. In this context, careful design of National Trade Facilitation Committees will be crucial to secure political will at the highest level and to achieve effective public-private coordination. Regular monitoring and evaluation of these Committees is also advised in order to introduce necessary adjustments as countries start implementing the TFA and continue introducing other trade facilitation reforms. Finally, another key challenge for the region is to produce more studies quantifying the benefits of implementing trade facilitation measures. This would greatly contribute to buy-in for the trade facilitation agenda among policymakers.²²

²¹ See <http://www.mrecic.gov.ar/en/meeting-foreign-ministers-mercotur-pacific-alliance-joint-communique>.

²² ECLAC (2017) is an effort in this direction. Using a computable general equilibrium model, this study estimates the expected impact of an ongoing Customs cooperation program between Guatemala and Honduras (including integrated border crossings). This ex-ante impact assessment concluded that both countries' GDP would grow by up to 0.4% and 0.7%, respectively.

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Annex

Definition of the different stages of implementation used in the Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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 (TFA); it is implemented in law and in practice; it is available to essentially all relevant stakeholders nationwide, supported by an adequate legal and institutional framework, as well as adequate infrastructure and financial and human resources. A TFA measure included in the Notifications of Category A commitments may generally be considered as a measure which is fully implemented by the country, with a caveat that the measure will be implemented by a least-developed country member within one year after entry into force of the TFA agreement.

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 in partial – but 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 but on an unsustainable, short-term or ad-hoc basis; (4) the measure is implemented in some – but not all-targeted locations (such as key border crossing stations); or (5) some – but not all - targeted stakeholders are fully involved.

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.

Not implemented: a measure has not been implemented at this stage. However, this stage may still include 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.



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