

UNITED NATIONS DEVELOPMENT PROGRAMME

Project of the Governments of  
Brunei Darussalam, Indonesia, Malaysia, Philippines  
Singapore and Thailand

PROJECT DOCUMENT

Title: ASEAN Trade Facilitation

Number: RAS/86/016/A/01/40

Duration: Two years

Primary function: Direct Support

Sector: International Trade (40)

Government Implementing Agency: Government of Thailand, on behalf of  
the ASEAN countries

Executing Agency: UNCTAD, in co-operation with ITC and ESCAP

Estimated starting date: April 1986

Government inputs: In kind

UNDP inputs: US \$ 470,000

Signed: *Phan Wannanthi*  
on behalf of the Governments  
of ASEAN Countries

Date: 13 JUN 1986

*[Signature]*  
on behalf of the Executing Agency

Date: 13 June 1986

*[Signature]*  
on behalf of the United Nations  
Development Programme

Date: 13 June 1986

## PART I : Legal Context

This Project Document shall be the instrument referred to in Article I, paragraph one of the assistance agreement between the Governments of the Philippines and Singapore and the United Nations Development Programme signed by the parties on 21 July 1977 and 11 March 1975, respectively.

This Project Document shall be the instrument (therein referred to as a Plan of Operation) envisaged in Article I, paragraph two, of the agreement among the Governments of Indonesia, Malaysia and Thailand and the United Nations Development Programme concerning assistance under the special fund sector of the United Nations Development Programme, signed by the parties on 7 October 1960, 25 July 1961 and 4 June 1960, respectively.

## PART II : The Project

### A. Development Objective

The Development Objective of this project is to contribute to the collective self-reliance of the member countries of the Association of South East Asian Nations (ASEAN) and to increased economic co-operation among these countries through facilitation of their mutual and external trade by minimizing formalities and streamlining procedures and by simplifying and standardizing documents and data interchange required for the movement of goods in trade.

### B. Immediate Objective

The immediate objectives of the project are to:

- 1) Assist the ASEAN countries in planning and implementation of trade facilitation measures;
- 2) Train officials of ASEAN countries in facilitation methodology and techniques.

### C. Special consideration

None

#### D. Background and Justification

International trade plays an increasingly important role for the economies of the member countries of ASEAN. Among measures which will contribute to the future growth of their exports could be mentioned improved production base, effective marketing and efficient distribution systems. As to imports, raw materials and semi-manufactured products from abroad in many cases play an important role for the production of export goods. Moreover, ASEAN countries have already been able to substantially expand their import capacities and now offer new interesting and dynamic markets.

By definition, international trade involves the physical movement of goods from one country to another. Efficient transport facilities allowing a free and unimpeded flow of goods in trade therefore is an extremely important factor for the development of the economies of developing countries. It follows that the removal or reduction of obstacles and bottlenecks affecting the movement of goods is an important aspect of the effort to improve trade conditions in the ASEAN countries.

Complex formalities, procedures and paperwork constitute a serious impediment to the expansion of international trade. They also represent a very important cost factor which, according to best available estimates is equivalent to about 10% of the value of the goods traded. Moreover, trade operations may be hampered by the lack of suitable clearance arrangements which results in means of transport being kept idle at borders or in ports while Customs and other formalities are accomplished. The resulting addition of direct and indirect costs amounts to a hidden inflationary tax which is eventually borne by the final consumer of the goods.

Various trade policy measures are often followed up with efforts to improve the physical infrastructure for the movement of goods - ports, roads, railways, ships, container hardware, etc. There is, however, a growing concern over the obstacles to these movements caused by documentation and procedures - the "invisible" infrastructure without which goods cannot be cleared through Customs and ports, move from one mode of transport to another, and be delivered into the hands of the buyer, and without which money cannot flow in the other direction. It is therefore essential that the ASEAN countries should co-operate in the effort to simplify the procedures related to the movement of goods, through relevant technical co-operation arrangements, making use of the experience gained in this field within the international community.

To this end an organized and systematic effort is needed to rationalize procedures and related documentation, to minimize formalities and to simplify and harmonize procedures and documents. This activity is referred to as trade facilitation.

#### D. Background and Justification

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An international facilitation programme was initiated in 1960, with a Working Party was set up for this purpose within the United Nations Economic Commission for Europe (ECE). The background for this initiative dates back to the late 1950s when some countries became acutely aware of obstacles to trade and transport caused by complicated procedures and paperwork. One way to improve the paperwork situation had been found in Sweden where the introduction of simplified and aligned documents resulted in cost reductions of up to 70 per cent. However, it was soon realized that real progress in the facilitation field could only be achieved through international co-operation, and this led to the creation of the ECE Working Party, which, in 1963, adopted what is now known as the "United Nations Layout Key for Trade Documents". Since then a large number of trade and transport documents, international as well as national, have been aligned to that key; the Working Party is now focussing its work on simplification of procedures. This harmonization has considerably reduced some practical obstacles to international trade and transport; it represents an indirect, but efficient, method of trade promotion.

In the Asia and Pacific region facilitation activities began in 1968 when a Working Party on Facilitation of International Traffic was convened by the Economic Commission for Asia and the Far East (ECAFE); in 1972 a Sub-Committee was set up to attend to facilitation and tourism matters. Since then facilitation elements have been included in the work programmes for the subsidiary bodies concerned. Presently explicit reference to facilitation matters can be found in the ESCAP Programmes on Transport, Communications and Tourism and on International Trade. A number of workshops and seminars have taken place where facilitation problems have been dealt with.

Since 1970 assistance in this effort has been given through a separate UNCTAD secretariat unit, the Special Programme on Trade Facilitation (FALPRO). FALPRO's legislative mandate was confirmed in October 1979 by a decision 187 (XIX) of the Trade and Development Board that "the work on facilitation of trade procedures and Documentation undertaken through the Special Programme on Trade Facilitation should be continued and intensified, within the framework of the resources made available to UNCTAD, ensuring full participation by developing countries in this effort".

The trade facilitation work has assumed even more relevance through the increased attention to economic co-operation between developing countries, many of which are members of groupings, such as the ASEAN, where common facilitation measures would be feasible and desirable. It would also be desirable for procedures and documentation to be harmonized between the various groupings.

Since 1970 technical assistance in the international facilitation effort has been given, globally through projects directed and supported by the UNCTAD Special Programme on Trade Facilitation

(FALPRO), in the Asia and Pacific region also through various projects executed through ESCAP. These activities have been financed by UNDP or through trust funds. The Advisory Services attached to FALPRO have comprised between one and five adviser posts; since 1980 two Adviser posts are financed under a trust fund made available by the Government of Sweden whereas one post is financed by UNDP.

During the period 1970-1984 requests were received from some 90 developing countries wishing to utilize these services. As a result of more than 200 missions undertaken by FALPRO advisers, facilitation measures have been introduced in many countries, and are being developed and studied in most of the others. National facilitation bodies have been set up in more than a dozen developing countries and arrangements are being made for them to co-operate within a United Nations trade facilitation network jointly served by UNCTAD/-FALPRO and the regional commissions. Among the developing countries members in the Asian and Pacific region, FALPRO Advisers so far have visited Afghanistan, Bangladesh, China, Fiji, India, Indonesia, Iran, Laos People's Democratic Republic, Nepal, Philippines, Singapore, Sri Lanka and Thailand.

The facilitation work has always attracted the attention of countries co-operating within economic groupings. It is natural for such countries, establishing common procedures and documentation for preferential arrangements and other trade-related activities, to look for internationally accepted standards in that field and also to try to harmonize among themselves. The European Economic Community (EEC) and the Council for Mutual Economic Assistance (CMEA) were among the first to participate actively in the facilitation effort - they have all aligned their documents to the United Nations Layout Key for Trade Documents, one of the basic standards promoted through FALPRO.

In the Asia and Pacific region, ASEAN arranged a Conference and Workshop in Manila in May 1978 during which a number of useful recommendations were agreed upon; the present project can be seen as a sequel to that Conference. The Manila Conference was the first of its kind to be held among developing countries. Among its conclusions, which are relevant also in the context of the present project, could be noted that, although the Conference was restricted to the five neighbouring ASEAN countries, there were considerable differences between the individual countries as regards administrative practices, external trade arrangements, language and alphabets, etc. Despite this disparity, it proved possible to identify a number of common problems and to agree on measures for solving them. It was realized at an early stage that there was a limited scope for common ASEAN reforms of a more general nature, such as the introduction of an ASEAN series of aligned documents, but that it would be more appropriate to encourage national solutions within the framework of a common action programme, at least as a first step.

In November 1981 a facilitation seminar took place in Bangkok, arranged by ESCAP with the participation of FALPRO. Sixteen

countries were represented at the seminar, which adopted 15 recommendations on a number of facilitation issues. The seminar took place within the framework of the activities of the ESCAP Trade Co-operation Group, which at its meeting in January 1982 endorsed the recommendations.

In December 1984 a Symposium on Trade Facilitation was conducted for ASEAN member countries in Kuala Lumpur. Recommendations made at the Symposium are attached as Annex.

#### E. Outputs

1. Advice to ASEAN Member States on matters related to simplification and harmonization of their external trade procedures and documentation, and to planning of national trade facilitation programmes;
2. Advice to field missions executed by UNCTAD, ESCAP and other United Nations agencies;
3. Recommendations for improvement, at the national level, of existing procedures including the implementation of facilitation measures;
4. Follow-up actions initiated on the simplification and harmonization of their external and internal procedures related to the movement of goods in trade.
5. Three to five officials of ASEAN countries trained as trainers in trade facilitation methodology and techniques; to enable them to act as trainers in their countries capable of carrying out facilitation activities.
6. Training materials, teaching aids, etc., relevant for conduct of training course in trade facilitation.

#### F. Activities

The activities to be carried out under this project will be those needed to ensure the effective implementation of its objectives as outlined in Section II B above. The Trade Facilitation Adviser provided under the project, in consultation with and with support from UNCTAD's Special Programme on Trade Facilitation (FALPRO) will:

- assist the ASEAN Member states on matters related to the simplification and harmonization of their external trade procedures and documentation, and in planning of national

trade facilitation programmes;

- participate in the work carried out at national level, in giving technical assistance to the national authorities concerned for the preparation of recommendations aiming at the improvement of existing trade procedures, including the implementation of facilitation measures;
- give substantive support to field missions executed by UNCTAD, ESCAP and other United Nations agencies, also in the framework of related technical assistance projects;
- organise training activities in the methodology and techniques of trade facilitation for officials from participating countries so as to enable them to carry out facilitation activities in their countries and - to this end - plan facilitation seminars, workshops or other training events and prepare relevant training materials, audio-visual aids, etc.;
- initiate necessary follow-up action, including advice to ASEAN governments on the possibilities for further technical cooperation and assistance for continued substantive work on the simplification and harmonization of their external and internal procedures related to the movement of goods in trade.

#### G. Inputs

##### 1) Government Inputs

Participating ASEAN governments and institutions will be expected to provide normal administrative and office facilities for international staff employed under the project and to assign counterpart officials to cooperate with such staff. They will also be expected to provide local transport for advisers and experts, if not otherwise agreed.

##### 2) UNDP Inputs

The following UNDP inputs will be provided:

##### - Trade facilitation adviser and consultants

A specialized Trade Facilitation Adviser will be needed on full time basis for the duration of the project, to be deployed in the participating countries in accordance with a work plan within the the first 2 months of project implementation and to be adjusted in the light of progress made (18 p/m, level L4/L5). In



addition, specialist consultants will need to be employed from time to time to cater for the need of expert advice in particular areas (e.g. Customs, ADP, banking, etc.), to be deployed as appropriate within the framework of the work plan and the progress of work (total of 12 m/m per year on short term basis).

- Secretarial assistance

Besides normal secretarial support, capacity is needed for special tasks, such as forms design, preparation of flow charts and other similar work for which particular training will be required (and can be provided through UNCTAD/FALPRO). (Total of 12 m/m per year, of which half for normal duties, half for specialized tasks.)

- Travel

The Adviser and the consultants will need to travel extensively among the participating countries, as required under the work plan to be established. A provision for travel for in-service training is also required in order to make it possible for officials in participating countries to attend training events (workshops and seminars) arranged jointly for all the ASEAN countries.

- Expendable and training equipment

A modest provision is required to cover costs for such materials and equipment which is needed for preparation of proposed new forms, for drawing and reproduction of flowcharts, and for audio-visual demonstration and training.

- Miscellaneous

This provision is required in order to cover costs for telecommunications and mail and other similar expenses.

3) UNCTAD and ESCAP inputs

UNCTAD and ESCAP will provide inputs in the form of expertise and time commitments of regular staff who will plan project activities and undertake missions for their execution as appropriate.

#### 4) Other inputs

It is envisaged that, in addition to ESCAP and FALPRO staff members, experts may have to be provided on specific subjects, identified at the planning stage as being of particular relevance in a participating country.

#### H. Preparation of Work Plan

A detailed work plan will be prepared within the first 2 months of project implementation taking into account that the location and duration of each specific activity will have to be determined and programmed depending on the sequence and urgency of requests received from ASEAN governments etc. and on other factors such as meeting schedules, desirability of combining missions, etc.

#### I. Preparation of the Framework for the effective participation of national and international staff in the project

The activities necessary to produce the indicated outputs and achieve the project's immediate objectives will be carried out jointly by the national and international staff as indicated above. The respective roles of the national and international staff will be determined by their responsible chiefs, by discussion and mutual agreement, at the beginning of the project, and set out in a Framework for Effective Participation of National and International Staff in the Project. The Framework, which will be attached to the Project Document as an Annex, will be reviewed periodically. The respective roles of the national and international staff shall be in accordance with the established concept and specific purpose of technical co-operation.

#### J. Development Support Communication

No Development Support Communication will be applied in the project.

#### K. Institutional Framework

UNCTAD, through its Special Programme on Trade Facilitation (FALPRO) will execute the activities under this project, which will be organized and managed by the Government of Thailand on behalf of ASEAN. The ESCAP secretariat and the International Trade Centre (ITC) will co-operate with UNCTAD in the execution of

the project, which will supplement facilitation activities already undertaken in some of the participating countries and will be carried out by experts recruited for the purpose, by trade facilitation advisers attached to UNCTAD/FALPRO, by staff members of ESCAP and - as appropriate - by consultants, and by experts seconded on bilateral basis.

L. Prior obligations and prerequisites

None

M. Future UNDP assistance

No further UNDP assistance is envisaged at the completion of this project.

### PART III: Schedule of Monitoring, Evaluation and Reports

#### A. Tripartite Monitoring Reviews, Technical Reviews

The project will be subject to periodic review in accordance with the policies and procedures established by UNDP for monitoring project and programme implementation.

#### B. Evaluation

The project will be subject to evaluation, in accordance with the policies and procedures established FOR THIS PURPOSE BY UNDP. The organization, terms of reference and timing of the evaluation will be decided by consultation between the participating Governments, the UNDP and UNCTAD.

#### C. Progress and Terminal Reports

Standard progress reports, in accordance with the UNDP Policies and Procedures Manual, will be prepared jointly by the ASEAN Co-ordinator and the Author/Technical Resource Persons. These reports will serve as the basis for the periodic tripartite reviews.

A draft terminal report will be prepared by the Author/Technical Resource Persons in consultation with the ASEAN Co-ordinator a few months before the completion of the project. It will include the results achieved, and may include relevant recommendations.

### PART IV: Budgets

The project budget covering the contribution of UNDP is shown on the following pages.

PROJECT BUDGET COVERING UNDP CONTRIBUTION  
(in US Dollars)

y : ASEAN Governments  
t Number : BAS/86/016/A/01/40  
t Title : ASEAN Trade Facilitation

	TOTAL		1986		1987		1988	
	p/m	\$	p/m	\$	p/m	\$	p/m	\$
PROJECT PERSONNEL								
Experts								
Trade Facilitation Advisers	24.0	160,000	9.0	60,000	12.0	80,000	3.0	20,000
Consultants	24.0	160,000	9.0	60,000	12.0	80,000	3.0	20,000
Sub-Total	48.0	320,000	18.0	120,000	24.0	160,000	6.0	40,000
Support Personnel	24.0	60,000	9.0	22,500	12.0	30,000	3.0	7,500
Official Travel		40,000		15,000		20,000		5,000
Component Total		420,000		157,500		210,000		52,500
TRAINING								
Group Training		20,000		7,500		10,000		2,500
Component Total		20,000		7,500		10,000		2,500
EQUIPMENT								
Expendable Equipment		10,000		3,750		5,000		1,250
Non-Expendable Equipment		10,000		3,750		5,000		1,250
Component Total		20,000		7,500		10,000		2,500
MISCELLANEOUS								
Sundries		10,000		3,750		5,000		1,250
Component Total		10,000		3,750		5,000		1,250
UNDP TOTAL CONTRIBUTION		470,000		176,250		235,000		58,750