



Digital and sustainable trade facilitation in Latin America and the Caribbean

Regional Report 2019



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List of Acronyms

AC: Andean Community

AEO: Authorized economic operator

ALADI: Latin American Integration Association

ASYCUDA: Automated System for Customs Data

CARICOM: Caribbean Community

CPTPP: Comprehensive and Progressive Agreement for Trans-Pacific Partnership

DUCA: Central American Single Declaration Form

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

MRA: Mutual recognition agreement

NTFC: National trade facilitation committee

OECD: Organization for Economic Cooperation and Development

PA: Pacific Alliance

SME: Small and medium-sized enterprise

TF: Trade facilitation

TFA: Trade Facilitation Agreement

UNRC: United Nations Regional Commission

USMCA: United States-Mexico-Canada Agreement

WTO: World Trade Organization

Preface

The third United Nations Global Survey on Digital and Sustainable Trade Facilitation was jointly conducted during the first half of 2019 by the five United Nations Regional Commissions (UNRC), namely Africa (ECA), Asia and the Pacific (ESCAP), Europe (ECE), Latin America and the Caribbean (ECLAC) and West Asia (ESCWA). It aims to gather information from countries worldwide on implementation of digital and sustainable trade facilitation measures. The results of the Global 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 first and second Global Surveys were conducted in 2015 and 2017 as a key initiative under the Joint UNRC Approach to Trade Facilitation agreed upon in Beirut, Lebanon in 2010 by the Executive Secretaries of all five United Nations Regional Commissions. The joint approach was designed to enable the Regional Commissions to present a joint and global view on trade facilitation issues in the context of the negotiations of the Doha Round at the World Trade Organization (WTO).

The third Global Survey is built upon the earlier versions and includes new forward-looking measures related to trade digitalization and sustainable development. This Regional Report presents the results of the third Global Survey for 18 participating countries from across Latin America and the Caribbean. This effort benefitted from the invaluable work of the government officials who filled the questionnaires and addressed follow-up questions. The Secretariat of the Caribbean Community (CARICOM) and the Secretariat for Central American Economic Integration (SIECA) also deserve special recognition for their help in disseminating the third Global Survey among their member States.

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 transport infrastructure. Nevertheless, inefficiencies in administrative procedures also raise trade costs, both within the region and with extra-regional partners. LAC performs better than lower-income regions such as Sub-Saharan Africa, South Asia and Middle East and North Africa in the trading across borders component of the World Bank's Doing Business ranking; however, it scores considerably worse than the developed countries of the Organisation for Economic Co-operation and Development (see figure 1 in section I). Against this background, making progress on the trade facilitation (TF) agenda is crucial to improve the region's international competitiveness, to raise its low levels of intraregional trade—which has stagnated at 16%-17% of total exports for several years—and to enhance its participation in international production networks.

Since red tape at the border disproportionately affects small and medium-sized enterprises (SMEs), TF encourages the internationalization of those 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. The expeditious movement of goods across borders is also critical for the success of international production networks. Hence progress in TF may help to increase the presence of LAC countries in regional and global value chains, which—with some exceptions—remains very limited. At a more general level, several of the concepts embodied in the TF 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 Digital and Sustainable Trade Facilitation 2019 (Global Survey 2019) seeks to gauge how far countries have advanced in the areas of trade facilitation and paperless trade with regard to the baseline provided by the previous versions of the Survey in 2015 and 2017. This report summarizes the results of the Global Survey 2019 for the 18 participating LAC countries, which account for 93% of the region's merchandise exports and imports in 2018.¹ By doing so, it provides an indication of their progress in implementing the WTO Trade Facilitation Agreement (TFA), which entered into force in February 2017.

The Global Survey 2019 covers 50 measures categorized into three groups and nine sub-groups. The first group (General Trade Facilitation Measures) corresponds almost entirely to provisions contained in the TFA under 4 subgroups: Transparency, Formalities, Institutional Cooperation and Arrangements, and Transit Facilitation. The second group (Digital Trade Facilitation Measures) includes 2 subgroups: Paperless Trade and Cross-Border Paperless Trade. The third group (Sustainable Trade Facilitation Measures) includes 3 subgroups: Trade Facilitation for SMEs, Agricultural Trade Facilitation, and Women in Trade Facilitation.² The scope of the Global Survey 2019 goes beyond the coverage of the TFA, since most paperless trade and cross-border paperless trade measures are not specifically featured in that agreement, same as most measures in the Sustainable Trade Facilitation group.

¹ Detailed regional and country results can be consulted at <https://untsurvey.org/region?id=ECLAC>.

² The third group of questions was included only from the second version of the Global Survey in 2017.

Each question in the Global Survey 2019 is related to a specific measure and has five possible answers: (i) Fully implemented (3 points); (ii) Partially implemented (2 points); (iii) Pilot stage (1 point); (iv) Not implemented (0 points); and (v) Don't know (also accorded 0 points). All responses were prepared by government agencies, mostly trade ministries in collaboration with customs services. ECLAC conducted independent desk research in order to confirm or amend the responses provided by countries.

The average implementation rate of the 18 LAC countries participating in the Global Survey 2019 is 69% (see figure 2 in section II). This is six percentage points above the average of the 128 participating countries from all regions, and is the second highest among the developing regions, only behind East and Southeast Asia. The relatively high regional average hides a significant heterogeneity in country results. Same as in 2017, Mexico obtained the maximum implementation rate in the Global Survey 2019 (92%), whereas Antigua and Barbuda obtained the lowest (44%) (see figure 3 in section II). All the seven South American participants registered implementation rates above the regional average, while the six countries with scores below it are from Central America and the Caribbean. Four of them—all from the Caribbean— obtained implementation rates below 50%. The group of 15 LAC countries that participated in both the 2017 and 2019 versions of the Global Survey improved its average implementation rate by seven percentage points, from 65% to 72% (see figure 4 in section II). This is roughly in line with the eight-point rise registered by the group of 88 countries that participated in both versions of the Global Survey worldwide, whose average rate of implementation went from 56% to 64%.

The categories of Formalities, Transit Facilitation and Transparency register the highest rates of implementation in the LAC region, at 83%, 82% and 81%, respectively. The lowest rates are in Cross-border Paperless Trade (40%), Trade Facilitation for SMEs (39%) and especially Women in Trade Facilitation (14%). The group of 18 participating countries presents average implementation rates of 80% or above in more than half of the core trade facilitation measures included in the Global Survey. These include the establishment of national trade facilitation committees, pre-arrival processing, the establishment of independent appeal mechanisms for customs decisions, e-payment of customs duties and fees, availability of advance rulings, trade facilitation measures for authorized operators, the separation of release from the final determination of customs duties, special provisions for expedited shipments, the electronic submission of sea and cargo manifests, and the use of risk management, among others.

Some of the measures with the lowest implementation rates are related to paperless trade (both internal and cross-border), including the electronic cross-border exchange of customs declarations (41%), certificates of origin (43%) and sanitary and phytosanitary certificates (19%), as well as the electronic application for customs refunds (35%). These measures require the support of a sophisticated ICT infrastructure and—in the case of cross-border flows— 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 shipments (46%) or border agencies delegating controls to customs authorities (11%). In these cases, limiting factors could be mainly of a political or institutional nature (for example, insufficient inter-agency coordination or trust, or resistance to increased accountability and transparency in agencies' daily work).

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 were coordinated at the regional or sub regional level. Central America has long led the way in this regard, but more recently the Pacific Alliance (PA) has made great strides through the electronic exchange of origin and phytosanitary certificates among its four members and the mutual recognition of their respective authorized economic operator (AEO) schemes. Greater cooperation in the TF area between the region's two largest economic integration blocs, the PA and MERCOSUR, should remain a priority in the coming years.

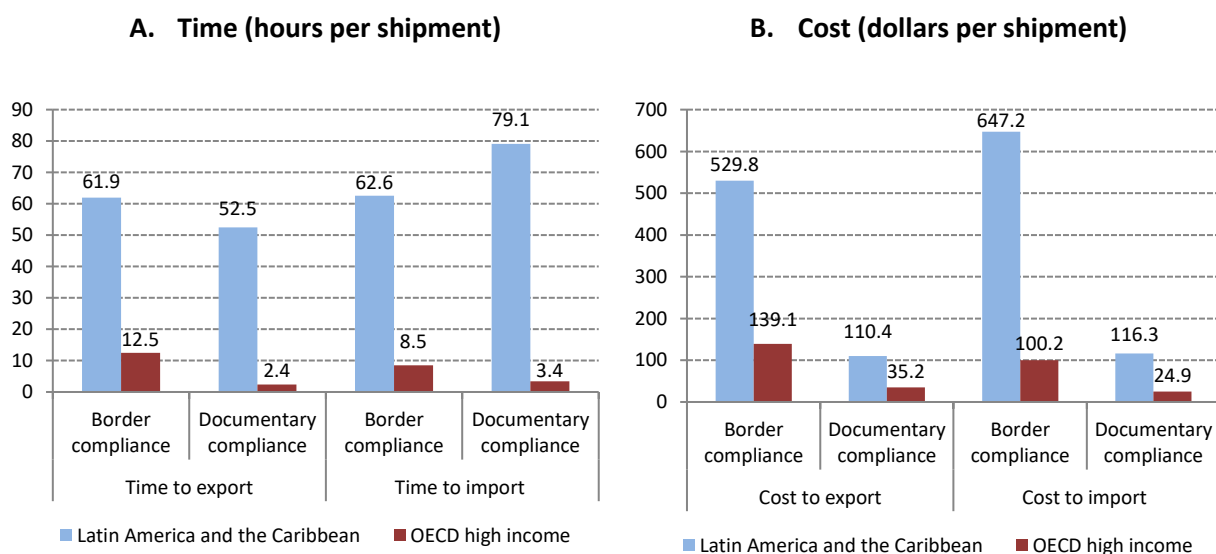
I. Introduction

A. Background and objectives of the Global Survey 2019

For at least three decades, countries in Latin America and the Caribbean (LAC) have been reducing their import tariffs, both unilaterally and 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). By cutting red tape at the border, it reduces the time and cost to trade. The entry into force of the World Trade Organization’s Trade Facilitation Agreement (TFA) in February 2017 propelled this topic to the top of the global and regional trade agenda.

Latin America and the Caribbean faces considerable challenges in terms of reducing the non-tariff costs and the time associated with foreign trade. Overall, it performs better than lower-income regions such as Sub-Saharan Africa, South Asia and Middle East and North Africa in the trading across borders component of the World Bank’s Doing Business ranking (World Bank, 2019). However, it scores considerably worse than the developed countries of the OECD (see figure 1).

Figure 1
Latin America and the Caribbean and OECD (high income members):
average time and cost to export and import, 2018^a



Source: Author, based on World Bank, *Doing Business 2019: Training for Reform*, [online] <https://www.doingbusiness.org/en/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 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.

High trade costs in the region are a result of multiple factors, most notably its vast size (almost 20.5 million square kilometers), difficult geography and insufficient stock of transport infrastructure. The region had in 2015 an average of 22.8 kilometers of roads per 100 square kilometers, compared to an average of about 100 in the European members of the OECD; moreover, just 23% of the region's roads were paved. The density of the railway network is also very low: less than 1 kilometer of railways per 100 square kilometers compared to almost 6 kilometers in the European Union (Sanchez and others, 2017). 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 is crucial to improve the region's international competitiveness and to enhance its participation in international production networks.

The rest of this report is structured as follows. The remainder of this first section describes the structure and methodology of the Global Survey and how the results were tabulated and analyzed. The second section provides an overview of the results for Latin America and the Caribbean and its three sub-regions. The third section examines in greater detail implementation levels for each category of trade facilitation measures. The fourth section concludes.

B. Methodology

1. Structure of the Global Survey

The Global Survey on Digital and Sustainable Trade Facilitation 2019 covers 50 trade facilitation (TF) measures categorized into three groups and nine sub-groups (see table 1). The overall scope of the survey goes beyond the coverage of the WTO's Trade Facilitation Agreement (TFA). The first group (General Trade Facilitation Measures) corresponds almost entirely to provisions contained in the TFA under 4 subgroups: Transparency, Formalities, Institutional Cooperation and Arrangements, and Transit Facilitation. The second group (Digital Trade Facilitation Measures) includes 2 subgroups: Paperless Trade and Cross-Border Paperless Trade. The third group (Sustainable Trade Facilitation Measures) includes 3 subgroups: Trade Facilitation for SMEs, Agricultural Trade Facilitation, and Women in Trade Facilitation³. Most paperless trade and cross-border paperless trade measures are not specifically featured in the TFA, although they would support a better implementation of it. Most measures in the Sustainable Trade Facilitation group are also not specifically included in the TFA, except for some of the Agricultural Trade Facilitation measures.

³ The third group of questions was included only from the second version of the Global Survey (2017).

Table 1
Measures included in the Global Survey on Digital and Sustainable Trade Facilitation 2019 and correspondence with TFA articles

Grouping		Question number		Trade facilitation measure	Equivalent TFA article
		2017	2019		
General TF measures	Transparency (5 measures)	2	2	Publication of existing import-export regulations on the Internet	1.2
		3	3	Stakeholder consultation on new draft regulations (prior to their finalization)	2.2
		4	4	Advance publication/notification of new regulations before their implementation	2.1
		5	5	Advance rulings	3
		9	9	Independent appeal mechanism (for traders to appeal customs rulings and the rulings of other relevant trade control agencies)	4
	Formalities (8 measures)	6	6	Risk management (as a basis for deciding whether a shipment will be physically inspected or not)	7.4
		7	7	Pre-arrival processing	7.1
		8	8	Post-clearance audit	7.5
		10	10	Separation of release from final determination of customs duties, taxes, fees and charges	7.3
		11	11	Establishment and publication of average release times	7.6
		12	12	Trade facilitation measures for authorized operators	7.7
		13	13	Expedited shipments	7.8
		14	14	Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities	10.2.1
	Institutional cooperation and arrangements (5 measures)	1	1	Establishment of a national trade facilitation committee or similar body	23
		31	31	Cooperation between agencies on the ground at the national level	8
		32	32	Government agencies delegate controls to customs authorities	
		33	33	Alignment of working days and hours with neighboring countries at border crossings	8.2(a)
		34	34	Alignment of formalities and procedures with neighboring countries at border crossings	8.2(b)
	Transit facilitation (4 measures)	35	35	Transit facilitation agreement(s) with neighboring countries	
		36	36	Customs authorities limit the physical inspection of transit goods and use risk assessment	10.5
		37	37	Pre-arrival processing for transit facilitation	11.9
38		38	Cooperation between agencies of countries involved in transit	11.16	
Digital TF Measures	Paperless trade (10 measures)	15	15	Electronic/automated customs system established (e.g. ASYCUDA)	
		16	16	Internet connection available to customs and other trade control agencies at border crossings	
		17	17	Electronic single window system	10.4
		18	18	Electronic submission of customs declarations	
		19	19	Electronic application and issuance of import and export permits	
		20	20	Electronic submission of sea cargo manifests	
	21	21	Electronic submission of air cargo manifests		

Grouping		Question number		Trade facilitation measure	Equivalent TFA article
		2017	2019		
Sustainable TF Facilitation		22	22	Electronic application and issuance of preferential certificates of origin	
		23	23	Electronic payment of customs duties and fees	7.2
		24	24	Electronic application for customs refunds	
	Cross-border paperless trade (6 measures)	25	25	Laws and regulations for electronic transactions (e.g. e-commerce law, e-transactions law)	
		26	26	Recognized certification authorities issue digital certificates to traders to conduct electronic transactions	
		27	27	Customs declarations are electronically exchanged between your country and other countries	
		28	28	Certificates of origin are electronically exchanged between your country and other countries	
		29	29	Sanitary and phytosanitary certificates are electronically exchanged between your country and other countries	
		30	30	Banks and insurers in your country retrieve letters of credit electronically without lodging paper-based documents	
	Trade facilitation for SMEs (5 measures)	39	39	The government has developed trade facilitation measures that ensure easy and affordable access for SMEs to trade-related information	
		40	40	The government has developed specific measures that enable SMEs to more easily benefit from the authorized economic operator scheme	
		41	41	The government has taken actions to make the single window more easily accessible to SMEs	
		42	42	The government has taken actions to ensure that SMEs are well represented and made key members of the National Trade Facilitation Committee	
			43	Implementation of other special measures to reduce costs for SMEs	
Agricultural trade facilitation (4 measures)	43	44	Testing and laboratory facilities are equipped for compliance with sanitary and phytosanitary (SPS) standards in your main trading partners		
	44	45	National standards and accreditation bodies are established for the purpose of compliance with SPS standards		
	45	46	Application, verification and issuance of SPS certificates is automated		
		47	Special treatment is given to perishable goods at border-crossings	7.9	
Women in trade facilitation (3 measures)	46	48	The existing trade facilitation policy/strategy incorporates special consideration of women involved in trade		
	47	49	The government has introduced trade facilitation measures aimed at women involved in trade		
		50	Female membership in the National Trade Facilitation Committee		

Source: The Second UNRC Survey on Trade Facilitation and Paperless Trade and the Third UN Global Survey on Digital and Sustainable Trade Facilitation.

Each question in the Global Survey is related to a specific measure and has five possible answers: (i) Fully implemented (3 points); (ii) Partially implemented (2 points); (iii) Pilot phase (1 point); (iv) Not implemented (0 points); and (v) Don't know, which is also accorded 0 points (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. All questions have an equal weight for the calculation of average implementation rates.

2. Country participation, data collection and data validation

The Global Survey was submitted in January 2019 to the governments of all LAC countries. The surveys were directed to the ministries of trade or —if these do not exist— to those primarily dealing with trade policy. The active participation in this exercise of customs authorities and other agencies dealing with cross-border trade procedures was encouraged. Eighteen countries submitted completed questionnaires between March and July 2019 (see table 2). Participating countries account for 93% of LAC’s merchandise exports and imports in 2018.

Table 2
Countries and government agencies participating in the Global Survey on Digital and Sustainable Trade Facilitation, 2019

Country	Sub-region	Government agency responsible for coordinating responses	Country participated in the Global Survey 2017?
Antigua and Barbuda	Caribbean	Ministry of Trade, Commerce, and Industry	Yes
Belize	Caribbean	Directorate General for Foreign Trade	No
Dominican Republic	Caribbean	Ministry of Industry, Trade and SMEs	Yes
Guyana	Caribbean	Ministry of Foreign Affairs	No
Saint Vincent and the Grenadines	Caribbean	Ministry of Foreign Affairs, Trade and Commerce	Yes
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
Guatemala	Central America & Mexico	Ministry of Economy	No
Mexico	Central America & Mexico	Secretariat of Economy	Yes
Panama	Central America & Mexico	Ministry of Trade and Industry	Yes
Argentina	South America	Ministry of Foreign Affairs	Yes
Brazil	South America	Ministry of Industry, Foreign Trade and Services	Yes
Chile	South America	Under Secretariat for International Economic Relations, 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 Foreign Affairs	Yes
Peru	South America	Ministry of Trade and Tourism	Yes

Source: Global Survey on Digital and Sustainable Trade Facilitation 2019.

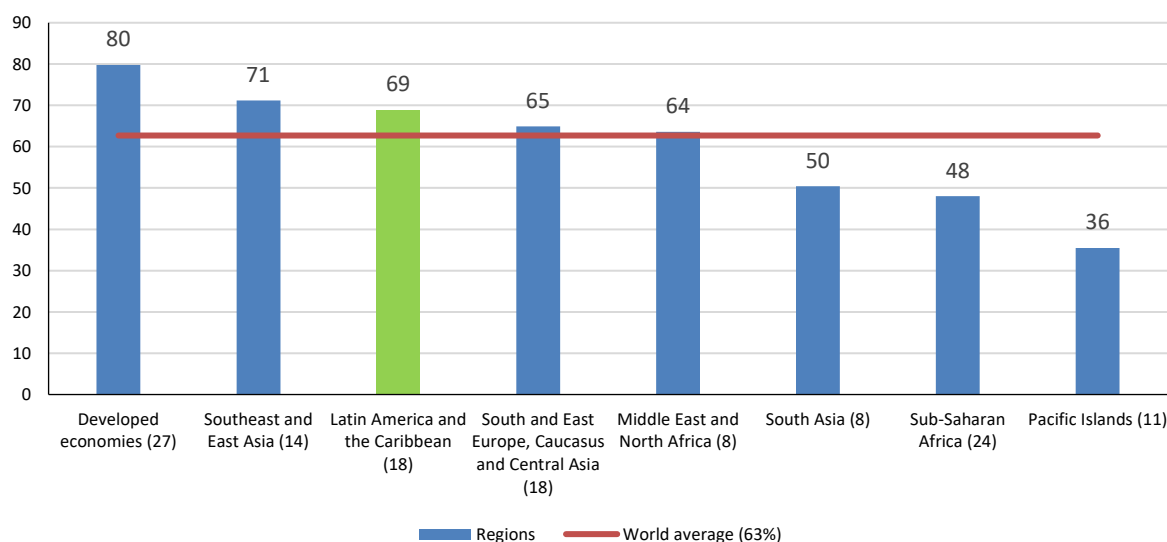
Upon receiving completed questionnaires, responses were tabulated and assigned an initial score. Subsequently ECLAC conducted independent desk research in order to confirm or amend the responses provided by countries. This entailed identifying the legal and institutional framework and the procedures and practices in place for each measure. The physical and digital infrastructure and human and financial resources available were also considered when that information was available. 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. Events taking place after the reception of the completed are not reflected in the report.

II. Global Survey results

A. Overview

Implementation rates were calculated based on a set of 31 core measures relevant to all the countries participating in the Global Survey 2019⁴ and correspond to the sum of the scores obtained by each country divided by the maximum possible score (93 points, corresponding to “Full implementation” in all 31 questions). The average implementation rate of the 18 LAC countries participating in the Global Survey is 69% (see figure 2). This figure is six percentage points above the average of the 128 participating countries worldwide, and is the second highest among the developing regions, only behind East and Southeast Asia.

Figure 2
World (128 countries) and selected regions: average implementation rates
in the Global Survey on Digital and Sustainable Trade Facilitation, 2019^a
(In percentages of the maximum score)



Source: Author, based on ESCAP, *Digital and Sustainable Trade Facilitation Implementation. Global Report 2019*.

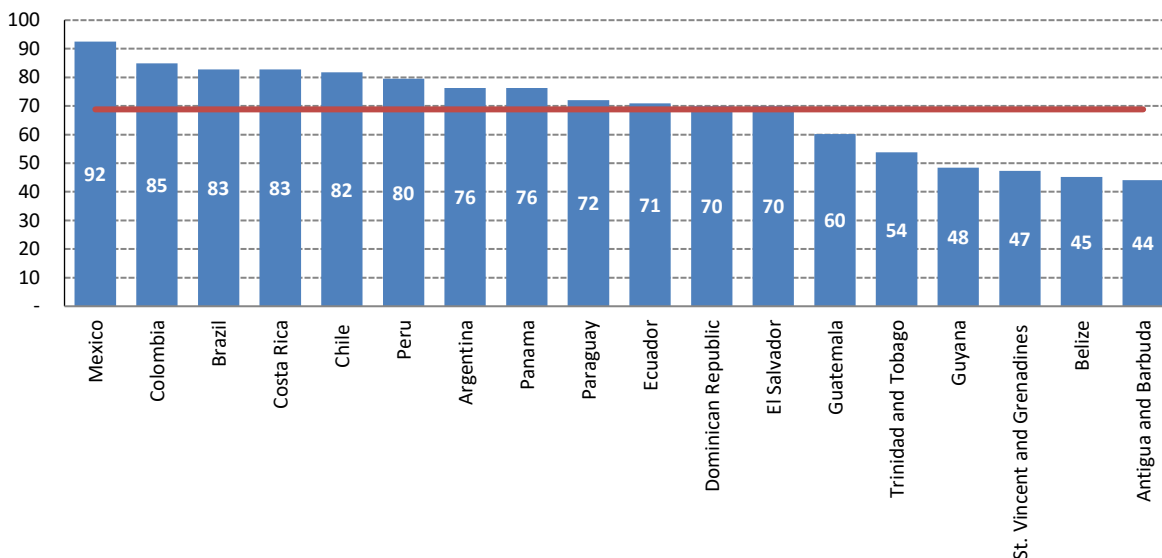
^a The figures in brackets indicate the number of countries in each region that participated in the survey.

The relatively high regional average hides a significant heterogeneity in country results, with a difference of almost 50 percentage points between the highest and the lowest implementation rates (see figure 3). Same as in 2015 and 2017, Mexico obtained the highest implementation rate in 2019, followed by several South American countries and Costa Rica. At the other end, all the six countries with scores

⁴ Of the 50 measures included in table 1, three (*Electronic Submission of Sea Cargo Manifests*, *Alignment of Working Days and Hours with Neighbouring Countries at Border Crossings*, and *Alignment of Formalities and Procedures with Neighbouring Countries at Border Crossings*) were excluded when calculating overall scores as they are not relevant to all countries surveyed. The four Transit Facilitation measures were also excluded for the same reason. Additionally, all questions relating to Trade Facilitation for SMEs, Agricultural Trade Facilitation and Women in Trade Facilitation were excluded as these are newly added groups not included in the original Survey.

below the regional average are from Central America and the Caribbean. Four of them —all from the Caribbean— obtained implementation rates below 50%.

Figure 3
Latin America and the Caribbean (18 countries): average implementation rates
in the Global Survey on Digital and Sustainable Trade Facilitation, 2019
(In percentages of the maximum score)^a

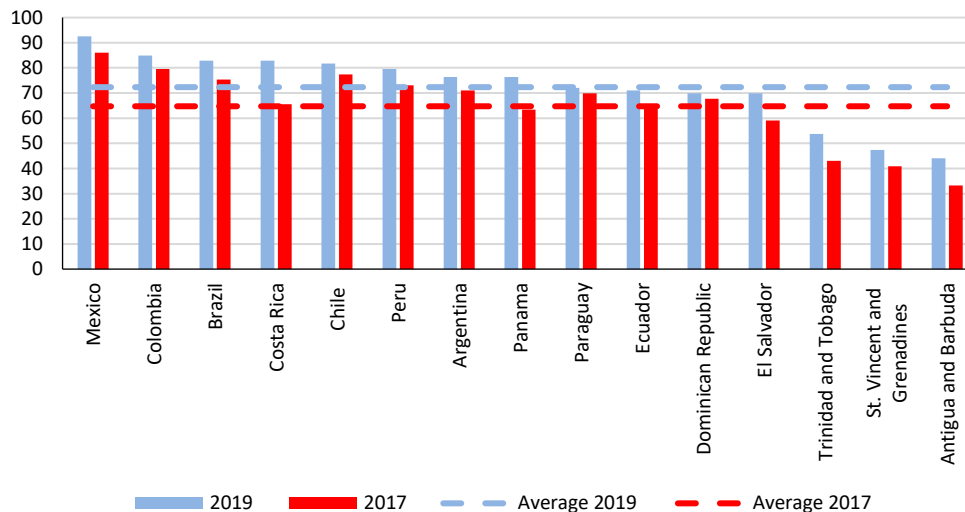


Source: Author, with data from the 2019 Global Survey.
^a The red line represents the average of the 18 countries (69%).

Fifteen LAC countries participated in both the 2017 and 2019 versions of the Global Survey. This group improved significantly its performance, with their average implementation rate raising from 65% to 72% (see figure 4).⁵ The largest increases were recorded in Costa Rica (17 percentage points), Panama (13 percentage points), and El Salvador, Trinidad and Tobago and Antigua and Barbuda (11 percentage points each). Nevertheless, country rankings show little variation between both years.

⁵ Survey results for 2017 were reviewed and in some cases adjusted downwards in light of the 2019 results. This was done to avoid cases where the implementation level for a certain measure reported by a country in 2017 is higher than that reported in 2019. For this reason, implementation rates for 2017 in this Report may differ from those reported in the 2017 Regional Report.

Figure 4
Latin America and the Caribbean (15 countries): average implementation rates
in the Global Survey on Digital and Sustainable Trade Facilitation, 2017 and 2019
(In percentages of the maximum score)



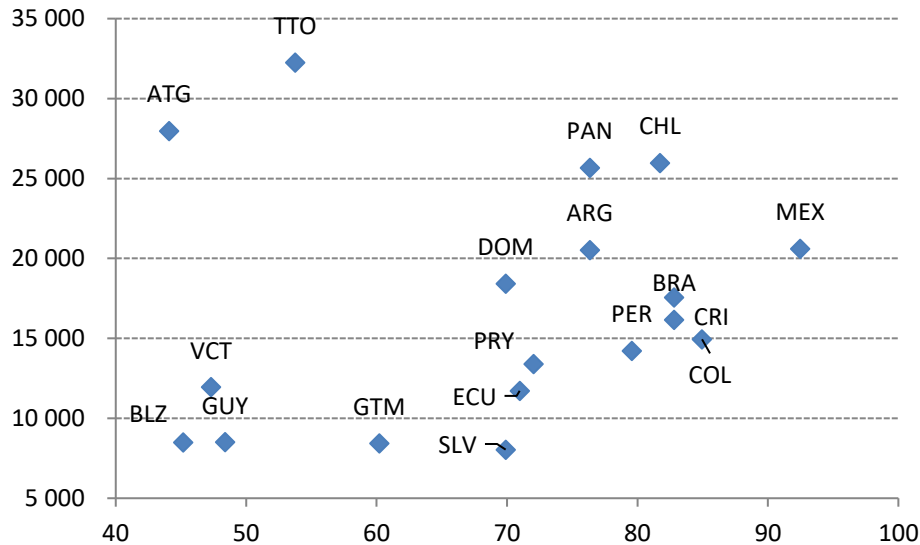
Source: Author, with data from the 2017 and 2019 Global Surveys.

Thirteen of the 18 LAC countries participating in the Global Survey 2019 are currently classified as upper-middle income economies by the World Bank,⁶ while four are in the high-income group⁷ and only one (El Salvador) is in the lower-middle income group. However, same as in previous editions of the Global Survey, there is no clear correlation between implementation rates and per capita income (see figure 5). Several examples bear this out. Antigua and Barbuda, the country with the lowest implementation rate, has the second highest per capita GDP in the sample. Trinidad and Tobago, the richest country in the group in per capita terms, obtains a 54% implementation rate, 15 percentage points below the regional average. Colombia, the second-best performer, had in 2018 an estimated per capita GDP of 14,943 dollars in purchasing power parity, below the simple average of 16,939 dollars for the 18 participating countries. El Salvador, despite being the poorest country in the sample, ranks better than six countries with a higher per capita GDP. In general, countries with similar per capita GDP levels achieve widely different results.

⁶ Argentina, Belize, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Guyana, Mexico, Paraguay, Peru, and Saint Vincent and the Grenadines.

⁷ Antigua and Barbuda, Chile, Panama, and Trinidad and Tobago.

Figure 5
Latin America and the Caribbean (18 countries): per capita GDP (2018, PPP) and average implementation rates in the Global Survey on Digital and Sustainable Trade Facilitation, 2019
(In current international dollars and percentages of the maximum score)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019 and the International Monetary Fund, World Economic Outlook Database (April 2019).

ATG: Antigua and Barbuda. ARG: Argentina. BLZ: Belize. BRA: Brazil. CHL: Chile. COL: Colombia. CRI: Costa Rica. DOM: Dominican Republic. ECU: Ecuador. SLV: El Salvador. GTM: Guatemala. GUY: Guyana. MEX: Mexico. PAN: Panama. PRY: Paraguay. PER: Peru. VCT: Saint Vincent and the Grenadines. TTO: Trinidad and Tobago.

The above examples illustrate that variables other than per capita income are also relevant in explaining a country's performance in the Global Survey 2019. Those variables include 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 LAC countries participating in the Global Survey 2019 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 score in the Global Survey 2019, its three subregions show a heterogeneous performance. The seven participating South American countries obtain the highest average implementation rate (78%) and all of them have implementation rates above the LAC average (see figure 6). The group comprised by Mexico and four Central American countries comes next, with a 76% average implementation rate (heavily influenced by Mexico's 92%) but with much wider dispersion than in the case of South America. The six participating countries from the Caribbean show the weakest performance, with a 51% average. The best performer was the Dominican Republic, at 70%, while the other five countries in this group occupied the last five positions in the Global Survey 2019.

Table 3
Membership of Latin America and the Caribbean 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
Belize	European Union	CARICOM
Dominican Republic	European Union, Dominican Republic-Central America-United States (DR-CAFTA)	
Participating country		
FTAs with developed partners containing trade facilitation commitments		
Membership in regional integration agreements containing trade facilitation commitments		
Guyana	European Union	CARICOM
Saint Vincent and the Grenadines	European Union	CARICOM
Trinidad and Tobago	European Union	CARICOM
Central America and Mexico		
Costa Rica	European Union, DR-CAFTA	Central American Common Market
El Salvador	European Union, DR-CAFTA	Central American Common Market
Guatemala	European Union, DR-CAFTA	Central American Common Market
Mexico	European Union, United States, CPTPP	Pacific Alliance, Mexico-Central America Free Trade Agreement, ALADI
Panama	European Union, United States	Central American Common Market, ALADI
South America		
Argentina	European Union ^b	MERCOSUR, ALADI
Brazil	European Union ^b	MERCOSUR, ALADI
Chile	European Union, United States, CPTPP	Pacific Alliance, ALADI
Colombia	European Union, United States	Andean Community, Pacific Alliance, ALADI
Ecuador	European Union	Andean Community, ALADI
Paraguay	European Union ^b	MERCOSUR, ALADI
Peru	European Union, United States, CPTPP	Andean Community, Pacific Alliance, ALADI

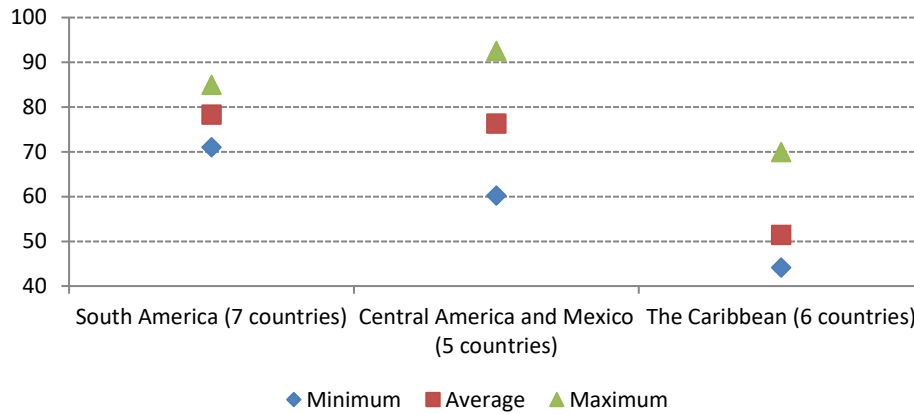
Source: Author, with information from Organization of American States, Foreign Trade Information System [online] sice.oas.org.

^a The list of agreements is not exhaustive.

^b An agreement in principle between the four original members of MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) and the European Union was reached on June 28th, 2019 but has not yet been signed.

ALADI: Latin American Integration Association. CARICOM: Caribbean Community. CPTPP: Comprehensive and Progressive Agreement for Trans-Pacific Partnership. MERCOSUR: Common Market of the South.

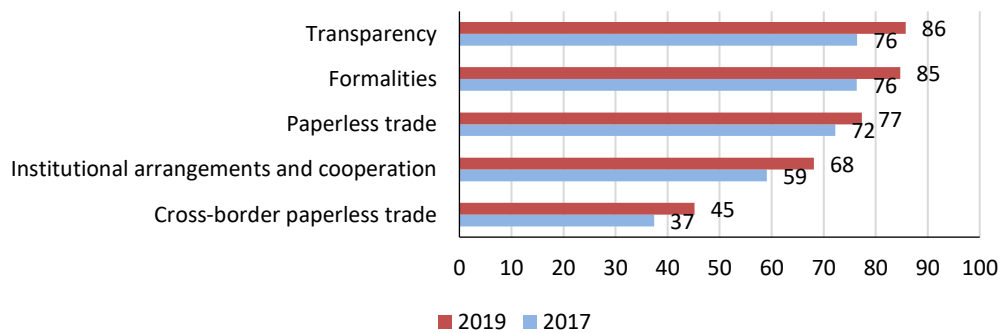
Figure 6
Latin America and the Caribbean (18 countries): minimum, average and maximum implementation rates in the Global Survey on Digital and Sustainable Trade Facilitation 2019 by sub-region
(In percentages of the maximum score)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

The results of the Global Survey 2019 show an improvement on those achieved in 2017⁸ in all the five core trade facilitation categories. **Transparency, Formalities and Paperless Trade** show the highest rates of implementation, at 86%, 85% and 77%, respectively (see figure 7). The most progress was made on **Transparency**, with its average implementation rate increasing by 10 percentage points, followed by **Formalities** and **Institutional Cooperation and Arrangements** (with a rise of 9 percentage points each). Same as in 2015 and 2017, the lowest rates of implementation are in **Institutional Cooperation and Arrangements** (68%) and especially in **Cross-border paperless trade** (45%).

Figure 7
Latin America and the Caribbean (15 countries): average implementation rates of trade facilitation and paperless trade measures by category, 2017 and 2019
(In percentages of the maximum score)

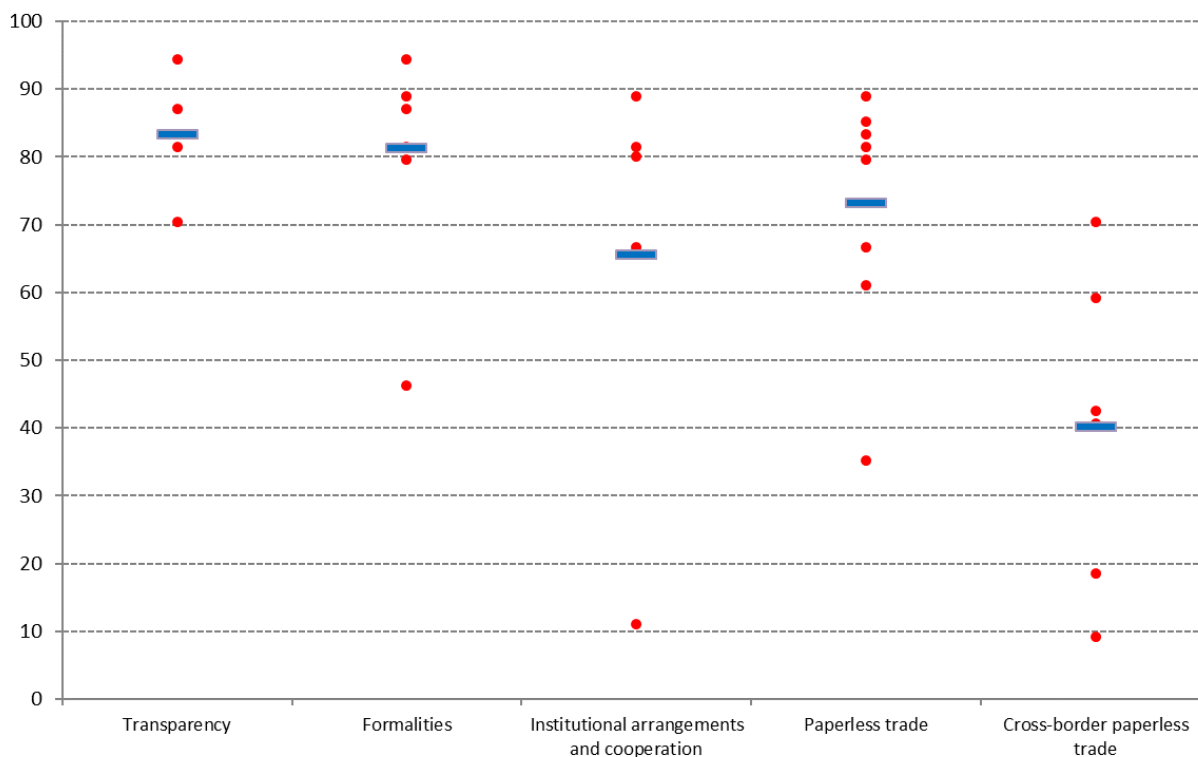


Source: Author, with data from the 2017 and 2019 Global Surveys.

⁸ This comparative analysis includes only the 15 countries that participated in both the 2017 and 2019 editions of the Global Survey: Antigua and Barbuda, Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Saint Vincent and the Grenadines, and Trinidad and Tobago.

In 2019, seven of the eight measures comprising the category of **Formalities** obtained average implementation rates in the 80% to 94% range. By contrast, the remaining measure (Establishment and publication of average release times) scored much lower, at 46% (see figure 8 and table 4). The category of **Transparency** exhibits a similar pattern, with four of its five measures obtaining average implementation rates in the 82% to 94% range and one (Advance publication or notification of new regulations before their implementation) registering a much lower level (70%).

Figure 8
Latin America and the Caribbean (18 countries): average implementation rates of trade facilitation and paperless trade categories and measures, 2019
(In percentages of the maximum score)



Source: Author, with data from the Global Survey on the Global Survey on Digital and Sustainable Trade Facilitation 2019.

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

Regarding **Institutional Cooperation and Arrangements**, three of the five measures in this category show implementation rates above 80%. Progress in the establishment of National Trade Facilitation Committees (NTFC) —a key commitment in the WTO Trade Facilitation Agreement— is especially noteworthy, with an implementation rate of 89%. However, at the other end, the practice of border control agencies delegating their control functions to customs is almost inexistent in the region (11%).

The situation is also heterogeneous within the **Paperless Trade** category. Several measures show average implementation rates above 80% (the use of an electronic/automated customs system, Internet availability at border crossings, and electronic submission of air and sea cargo manifests). At the other end, the electronic application for customs refunds only has a 35% implementation rate. Finally, four of the six measures in the **Cross-Border Paperless Trade** show average implementation rates below 50%, including two below 20%.

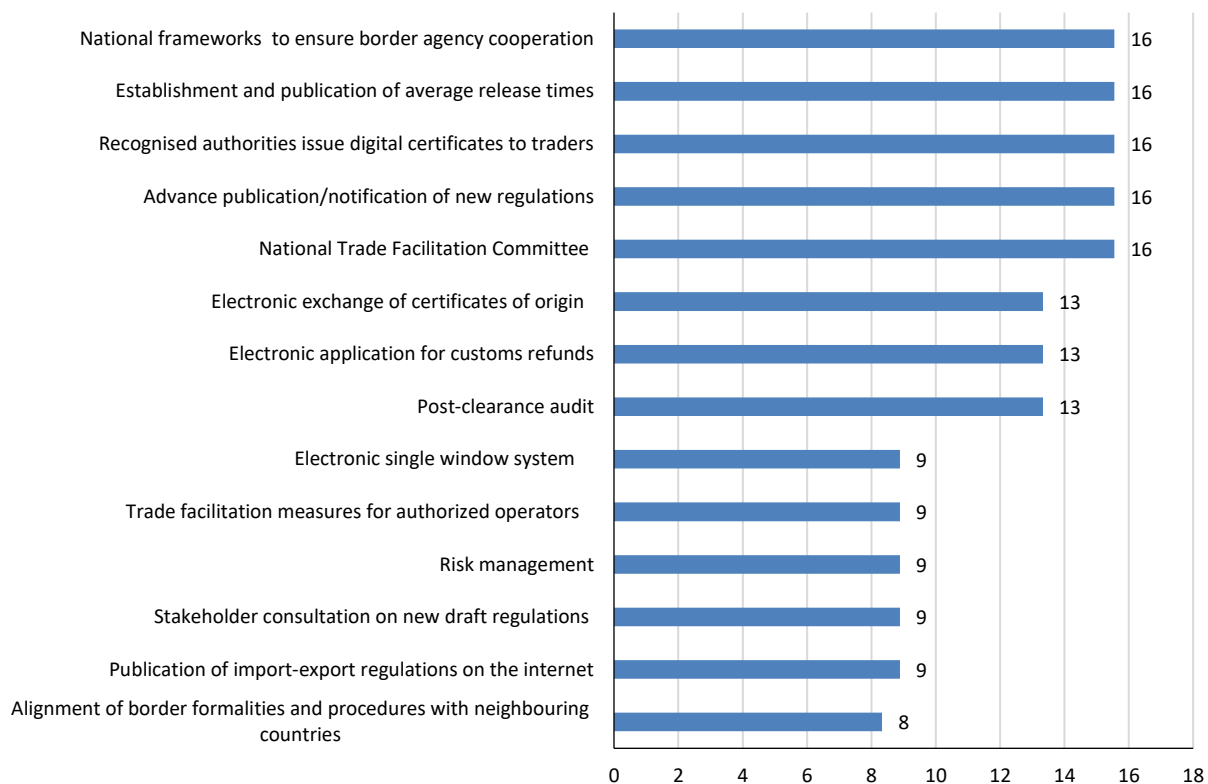
Table 4
Latin America and the Caribbean (18 countries): most and least implemented measures
in the Global Survey on Digital and Sustainable Trade Facilitation 2019, by category

Category	Most implemented measures	Implementation rate	Least implemented measures	Implementation rate
Transparency	Independent appeal mechanism	94%	Advance rulings	82%
	Publication of existing import-export regulations on the Internet	87%	Advance publication/notification of new regulations before their implementation	70%
Formalities	Separation of release from final determination of customs duties, taxes, fees and charges	94%	Trade facilitation measures for authorized operators	80%
	Simplified procedures for expedited shipments	91%	Establishment and publication of average release times	46%
Institutional cooperation and arrangements	Establishment of National Trade Facilitation Committee	89%	Alignment of formalities and procedures with neighboring countries at border crossings	67%
	National legislative frameworks or institutional arrangements to ensure border agency cooperation	82%	Government agencies delegate border controls to Customs authorities	11%
Paperless trade	Electronic/automated customs system	89%	Electronic single window system	67%
	Electronic submission of sea cargo manifests	85%	Electronic application for customs refunds	35%
Cross-border paperless trade	Laws and regulations for electronic transactions	70%	Electronic exchange of sanitary and phytosanitary certificates	19%
	Recognized certification authorities issue digital certificates to traders to conduct electronic transactions	59%	Exporters collect payment from a documentary letter of credit electronically without lodging paper-based documents	9%

Source: Author, with data from the Global Survey on the Global Survey on Digital and Sustainable Trade Facilitation 2019.

Between 2017 and 2019, participating LAC countries made notable progress in several trade facilitation measures. There are 14 measures in which the average implementation rate increased by 8 percentage points or more (see figure 9). These measures belong to all the categories included in table 4.

Figure 9
Latin America and the Caribbean (15 countries): largest variations in average implementation rates of trade facilitation and paperless trade measures between 2017 and 2019
(In percentage points)



Source: Author, with data from the 2017 and 2019 Global Surveys.

B. Transparency measures⁹

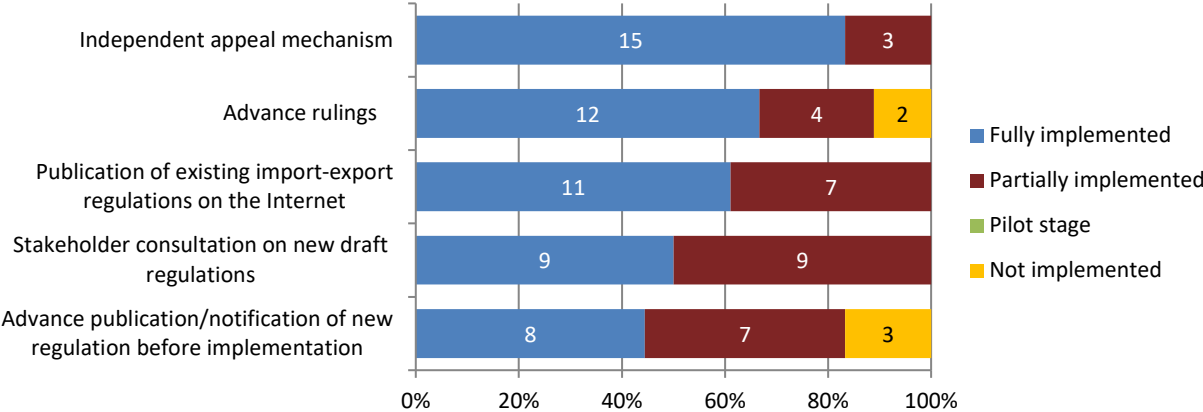
The transparency measures included in the Global Survey are based on Articles 1 through 4 of the TFA. These measures pertain to publication of import and export regulations on the Internet, stakeholder consultation on new draft regulations, advance publication or notification of new regulations prior to their entry into force, the issuance of advance rulings, and the existence of 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 (*Publication and administration of trade regulations*) of the General Agreement on Tariffs and Trade (GATT).

Latin America and the Caribbean registers its best performance in the area of transparency, with an overall implementation rate of 83%. Most progress has been made on the availability of an independent appeal mechanism (94% implementation rate), with 15 countries reporting full implementation and the remaining 3 reporting partial implementation (see figure 10). 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.

⁹ All figures in sections B to J refer to the 18 countries that participated in the Global Survey 2019, unless otherwise stated.

Publication of import-export regulations —the next most implemented measure with an 87% 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.¹⁰ This requirement builds upon commitments contained in GATT Article X and is also commonly found in trade facilitation and customs cooperation chapters of FTAs. This measure has been partially or fully implemented by all countries participating in the Global Survey.

Figure 10
Latin America and the Caribbean: implementation of transparency measures, 2019
(Percentages and number of countries at each implementation level)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

Stakeholder consultations are the third most implemented transparency measure in the region (83%), with half of the participating countries reporting full implementation and the other half partial implementation. This measure, as its title suggests, requires that border agencies hold regular consultations with traders and other interested parties on trade-related and customs regulations. Survey responses suggest that although this practice is used to some extent in all participating countries, it is not consistent or systematic and is often applied on a case-by-case basis.

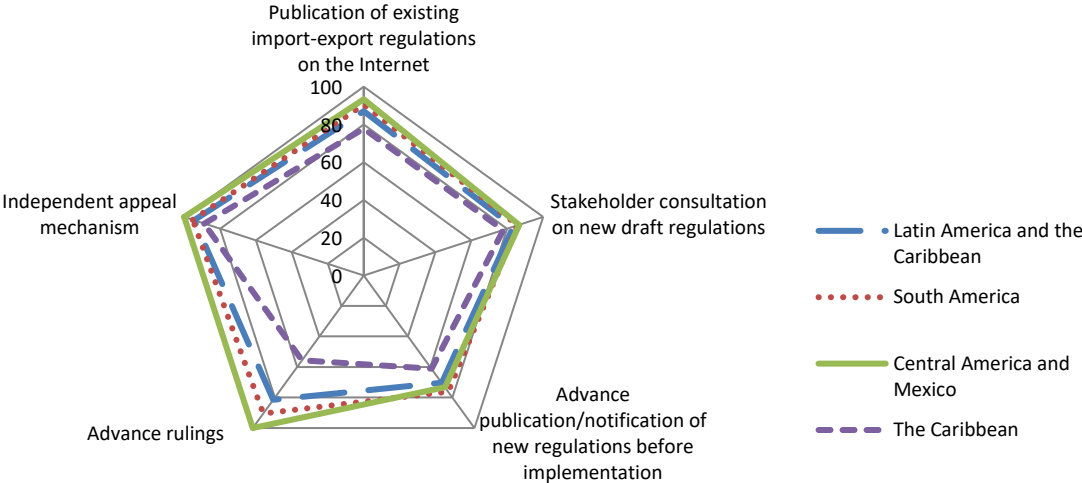
Advance rulings (82% average implementation rate) relate to traders’ right to obtain a ruling on the tariff classification of the goods being imported. These rulings may also include additional information, such as the origin and tariff treatment accorded to the imported goods. This is a standard discipline contained in modern FTAs; therefore, all the countries in the sample that are parties to FTAs with the United States report full implementation, as well as some others (Brazil, Paraguay, and Trinidad and Tobago). Four countries (Argentina, Ecuador, Guyana, and Saint Vincent and the Grenadines) report partial implementation, while only two (Antigua and Barbuda and Belize) report no implementation.

The least implemented measure in this category is advance publication of new regulations before entry into force (70%). Fifteen of the 18 participating countries report at least partial implementation of this measure, whereas three (Guatemala, Paraguay and Trinidad and Tobago) report no 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.

¹⁰ A good example is the Infotrade portal set up by El Salvador’s Ministry of Economy: <http://infotrade.minec.gob.sv/>.

Across all measures, South America and Central America and Mexico register above average rates of implementation (88% and 91%, respectively). In both subregions, almost all countries report full or at least partial implementation of all measures in this category. The only exceptions are Guatemala in Central America and Paraguay in South America, both of which report that they have not yet implemented the advance publication of new regulations before entry into force. The Caribbean lags the other two subregions, with a 72% average rate of implementation (see figure 11). The largest gaps relate to the issuance of advance rulings (not implemented at all in Antigua and Bermuda and Belize) and the advance publication or notification of new regulations (not implemented at all in Trinidad and Tobago). By contrast, the Dominican Republic, the best performer in the subregion, reports full implementation of all measures within this category except advance publication, which it considers partially implemented.

Figure 11
Latin America and the Caribbean: average implementation rates of transparency measures by subregion, 2019
(Percentages)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

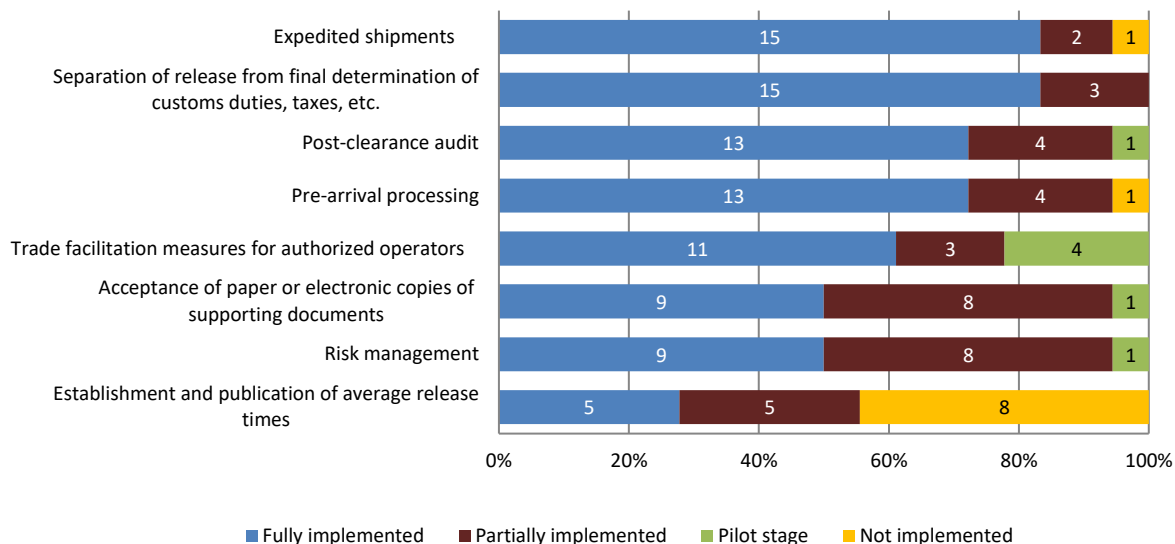
C. Formalities measures

The Global Survey examines eight measures which are collectively referred to as Formalities: 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. These measures are based on Articles 7 and 10 of the TFA which, in turn, build upon GATT Article VIII (*Fees and Formalities connected with Importation and Exportation*). Together, the eight measures seek to simplify the formalities for importing and exporting (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 obtains its third highest implementation rate in the area of Formalities (81%). Seven of the eight measures included show implementation rates of 80% or above, including two with implementation rates exceeding 90%: separation of release from final determination of customs duties and other charges, and special provisions for expedited shipments (see figure 12).

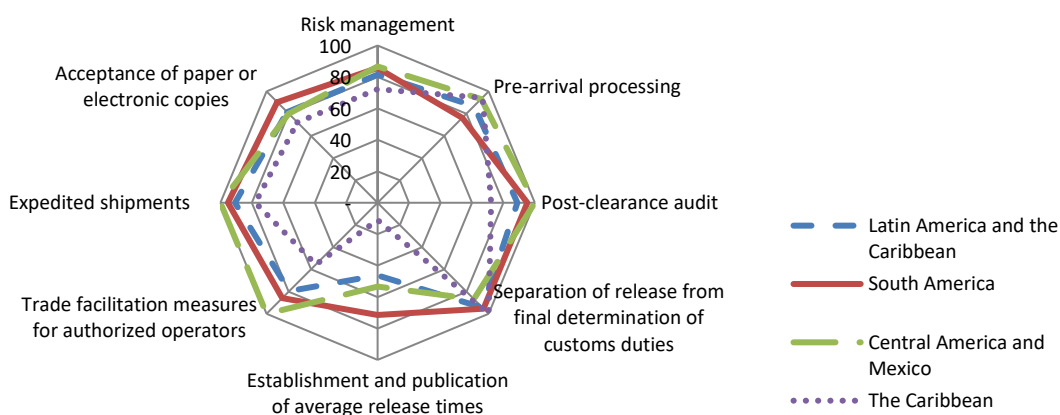
Across all measures, both South America and Central America and Mexico achieve above average implementation rates (87% and 88%, respectively), while the Caribbean trails them by almost twenty percentage points at 69% (see figure 13).

Figure 12
Latin America and the Caribbean: implementation of formalities measures, 2019
(Percentages and number of countries at each implementation level)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

Figure 13
Latin America and the Caribbean: average implementation rates of formalities measures by subregion, 2019
(Percentages)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

Pre-arrival processing 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. The LAC region presents

an 87% implementation rate for this measure. While thirteen countries reported total implementation, only one (Argentina) indicated that it has not yet implemented it at all.

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 a 91% implementation rate for this measure, and only Belize reported not having implemented it at all. 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, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)¹¹ and the new United States-Mexico-Canada Agreement (USMCA). The importance of this provision has grown substantially in recent years as a result of the increasing popularity of cross-border e-commerce. This phenomenon poses the challenge for customs offices of handling an ever-increasing volume of small packages (Herrerros, 2019).

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 94%, with all three sub-regions showing a similarly strong performance.

Post-clearance audit (89% 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. Trinidad and Tobago, the only country that in 2017 reported no implementation of this measure even at the pilot stage, informed that it was now fully implemented. Only one participant country in the Global Survey 2019 (Guyana) informed that implementation of this measure was still at a pilot stage.

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 82% compliance rate in the region, and while almost half of the participating countries indicated that implementation of this practice is still partial, only one (Antigua and Barbuda) informed that implementation was at a pilot stage.

The regional implementation rate of trade facilitation measures for authorized economic operators (AEO) stands at 80%. Eleven countries reported full implementation of this measure, while four Caribbean countries (Antigua and Barbuda, Belize, Guyana, and Trinidad and Tobago) informed that implementation was at the pilot stage. The remaining three countries (Brazil, Chile and Ecuador) reported partial implementation. A promising development in this area is the ongoing initiative to conclude a Mutual Recognition Agreement (MRA) between the AEO schemes of nine Latin American countries

¹¹ Chile, Mexico and Peru are parties to the CPTPP, signed in March 2018.

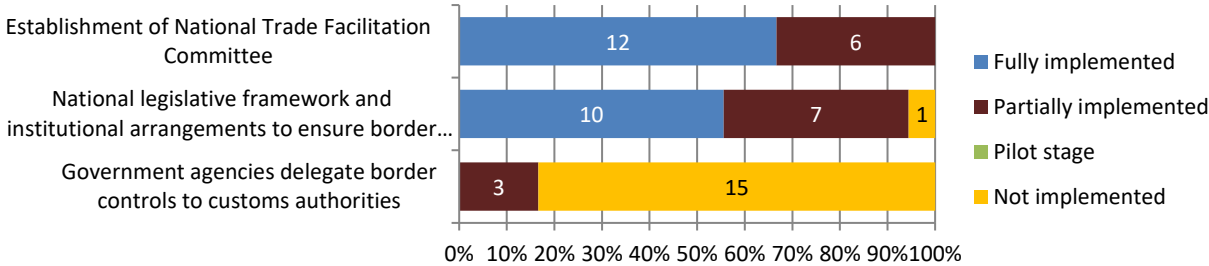
(Argentina, Brazil, Chile, Dominican Republic, Colombia, Guatemala, Paraguay, Peru and Uruguay).¹² Sub-regional MRAs have also been concluded among the four members of the Pacific Alliance (Chile, Colombia, Mexico and Peru) in 2018 and among four Central American countries (Costa Rica, El Salvador, Guatemala and Panama) in 2019. Despite significant progress since 2017, the least implemented measure in the Formalities grouping continues to be by far the establishment and publication of average release times of goods (46%). Only five countries have fully implemented it (Brazil, Costa Rica, Panama, Paraguay and Peru), while eight countries from across the three sub-regions report no implementation at all.

D. Institutional arrangements and cooperation measures

The three measures in this group are based on Articles 8 and 23 of the TFA and 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 bringing 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 trade.

Latin America and the Caribbean obtains an average implementation rate of 61% across the three measures in this category.¹³ Two of them (the establishment of a NTFC and arrangements for cooperation among border agencies) show high implementation rates (89% and 82%, respectively), with progress on the establishment of NTFCs being largely driven by the entry into force of the TFA in February 2017. In sharp contrast, the practice of border control agencies delegating control to customs authorities is almost non-existent in the region, with just three countries (Argentina, Antigua and Barbuda, and Saint Vincent and the Grenadines) indicating partial implementation (see figure 14). 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.

Figure 14
Latin America and the Caribbean: implementation of institutional cooperation and arrangements measures, 2019
(Percentages and number of countries at each implementation level)



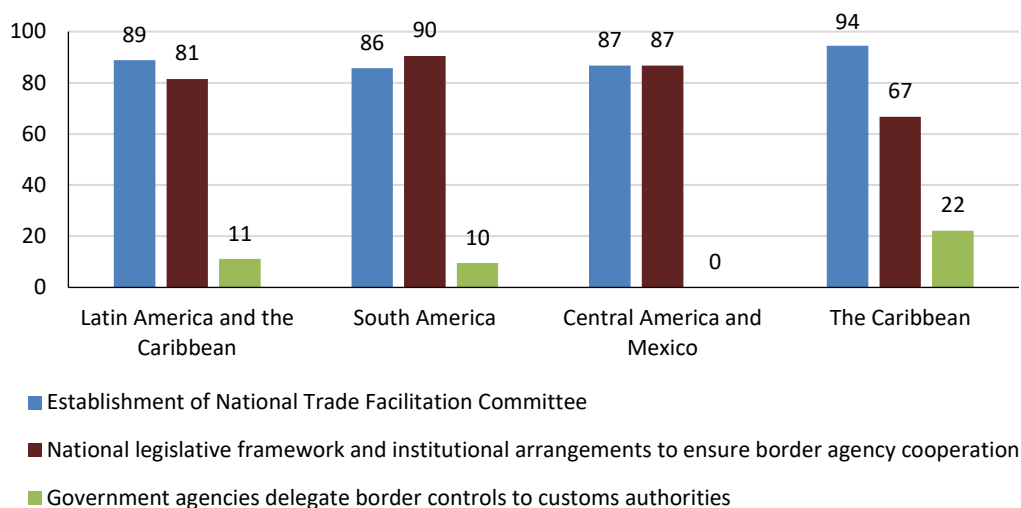
Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

¹² See “Nueve aduanas latinoamericanas firman plan de acción en marco de Acuerdo de Reconocimiento Mutuo Regional”, 2 July 2019, [online] <https://www.presidencia.gub.uy/comunicacion/comunicacionnoticias/acuerdo-de-reconocimiento-mutuo-regional-direccion-nacional-de-aduanas>.

¹³ There are two other measures in this category relating to cooperation with neighboring countries. They are not included in the analysis because they are not relevant for most Caribbean island States.

Across all three measures, average implementation rates are very similar in South America (62%), the Caribbean (61%) and Central America and Mexico (58%). The latter subregion performs especially poorly on government agencies delegating control to customs authorities, with a 0% implementation rate (see figure 15).

Figure 15
Latin America and the Caribbean: average implementation rates of institutional cooperation and arrangements measures by subregion, 2019
(Percentages)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

E. Paperless trade measures

The Global Survey examines ten paperless trade measures. These relate to the use of information and communications technology (ICT) to fulfill trade-related formalities. 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”.¹⁴ The measures examined in the Global Survey are based, in part, on TFA Articles 7 and 10 as well as on “TFA-plus” commitments contained in the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, adopted by ESCAP in May 2016.¹⁵

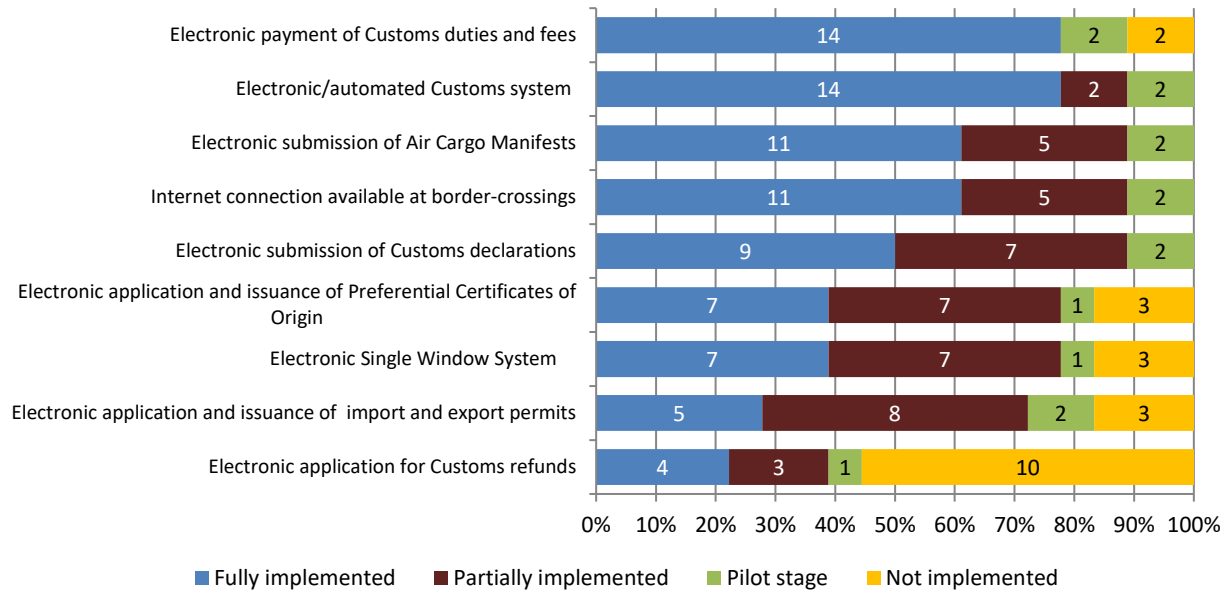
Latin America and the Caribbean presents a 72% average implementation rate within the Paperless Trade category, but with very different implementation levels across individual measures (see figure 16). The most implemented measure is the use of an electronic/automated customs system, with a 89% rate. Other widely implemented measures are: electronic submission of air cargo manifests (83%), Internet connection available to customs and other control agencies at border crossings (83%), electronic payment of customs duties and fees (82%) and electronic submission of customs declarations (80%). At the other end, the least implemented measure is the electronic application for customs refunds (35%). Across all measures,

¹⁴ 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.

¹⁵ See [online] <https://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>.

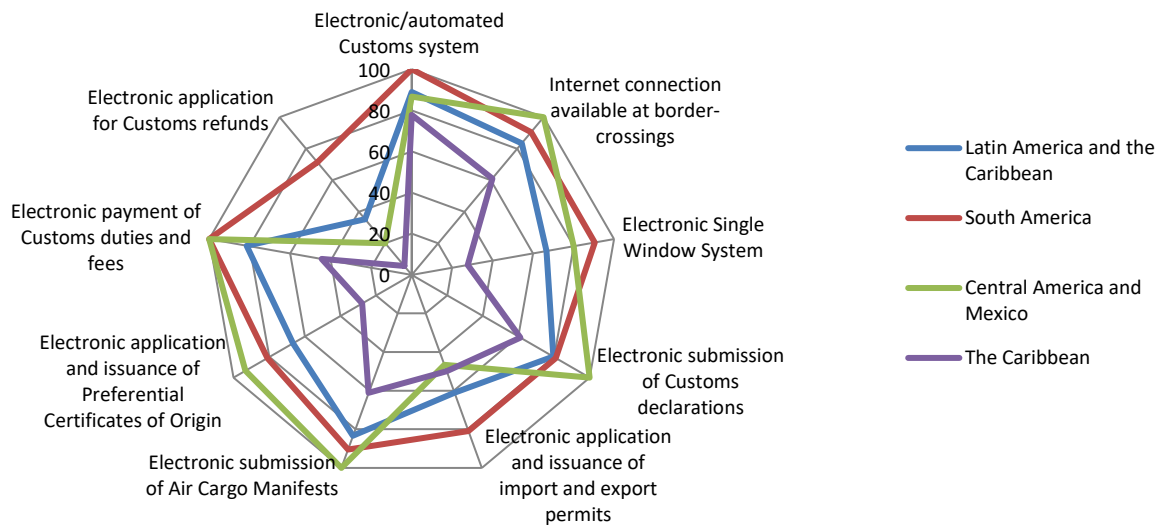
South America has the highest implementation rate (87%), followed by Central America and Mexico (81%). The Caribbean has a much lower implementation rate, at 46% (see figure 17).

Figure 16
Latin America and the Caribbean: implementation of paperless trade measures, 2019
(Percentages and number of countries at each implementation level)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

Figure 17
Latin America and the Caribbean: average implementation rates of paperless trade measures by subregion, 2019
(Percentages)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

The establishment of an electronic single window plays a crucial role in the Paperless Trade category because it permits implementing most 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.¹⁶ When the single window is electronic, ITC is used to allow data and documents to be submitted and exchanged electronically. Latin America and the Caribbean (18 countries) obtains a 67% implementation rate for the electronic single window¹⁷. However, important differences emerge at the sub-regional level. At one end, all participant countries from South America and Central America and Mexico reported at least partial implementation. At the other end, three countries from the Caribbean (Antigua and Barbuda, Belize, and Saint Vincent and the Grenadines) informed that they had still not implemented the electronic single window at all, while Guyana indicated implementation at the pilot stage. The best performers in the Caribbean, the Dominican Republic and Trinidad and Tobago, reported partial implementation.

The remaining nine measures examined focus heavily on electronic transactions and the ICT infrastructure and support needed for paperless trade. The seven participating South American countries reported that they have fully implemented an electronic customs system, while all the five participants from Central America and Mexico reported at least partial implementation. Same as with the electronic single window, the lowest implementation levels are found in the Caribbean, where Antigua and Barbuda and Guyana reported being at the pilot state of implementation of an electronic customs system. These two countries are also the only ones in the Global Survey 2019 that report being at the pilot state of implementation of the electronic submission of air cargo manifests.

With respect to the electronic application and issuance of trade permits, the region exhibits a 61% rate of implementation. Half of the 18 participants reported partial implementation of this measure, while two indicated being at the pilot stage (Antigua and Barbuda and Guyana) and three informed that they had still not implemented this measure at all (El Salvador, Guatemala, and Saint Vincent and the Grenadines). For those countries where electronic application and issuance of trade permits is at a partial or pilot stage 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.

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. Same as with the electronic single window, the region (18 countries) obtains a 67% implementation rate for this measure but with great disparities at the sub-regional level. Central America and Mexico shows the best performance (93%) and South America comes next with an 81% implementation rate, while this measure has been much less implemented in the Caribbean (28%). It is worth noting, however, that Caribbean countries have engaged in FTAs to a much lesser extent than countries in South America, Central America and Mexico.

While the electronic application for customs refunds is by far the least implemented paperless trade measure in Latin America and the Caribbean, the situation varies dramatically across sub-regions.

¹⁶ See Article 10.4 of the TFA.

¹⁷ The fifteen countries that participated in the 2017 and 2019 versions of the Global Survey registered a 9-point increase in their average implementation rate, from 64% to 73% (see figure 9).

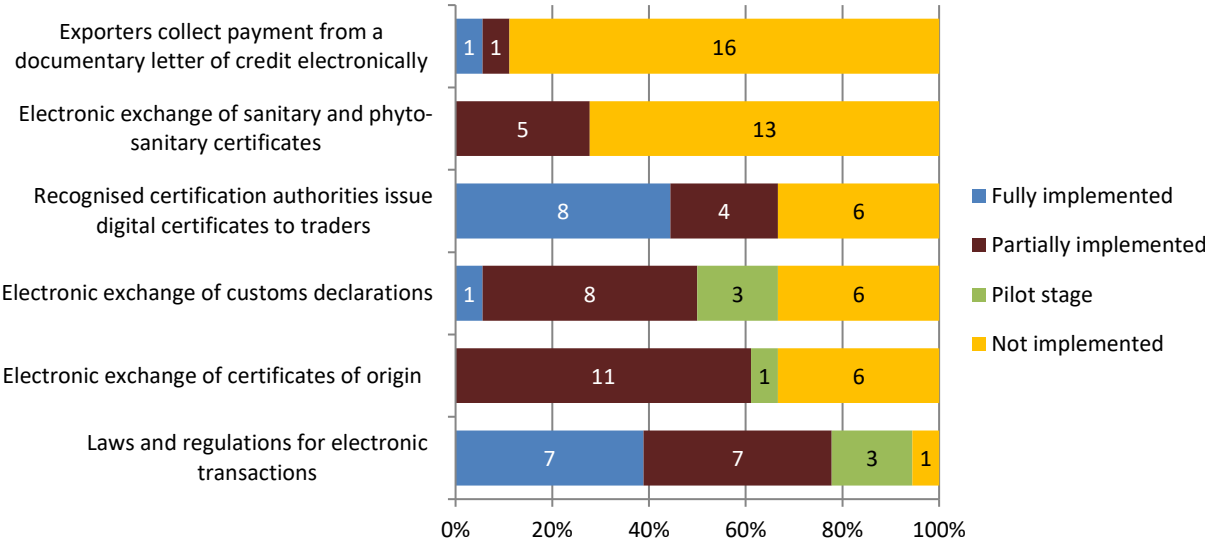
In South America, this measure registers a high implementation rate (81%), with only one country (Paraguay) reporting no implementation at any level. By contrast, among the five countries in the Central America and Mexico subregion, four report no implementation at all (the exception is Mexico, which reports full implementation). Five of the six participating countries from the Caribbean also report not having implemented this measure, with the remaining one (Guyana) informing that it is at the pilot stage.

F. Cross-border paperless trade measures

As its name implies, cross-border paperless trade involves conducting trade transactions based on the cross-border electronic exchange of data and documents, in contrast to the traditional way of exchanging trade related-data using paper documents (Sung and Sang, 2014). It 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.

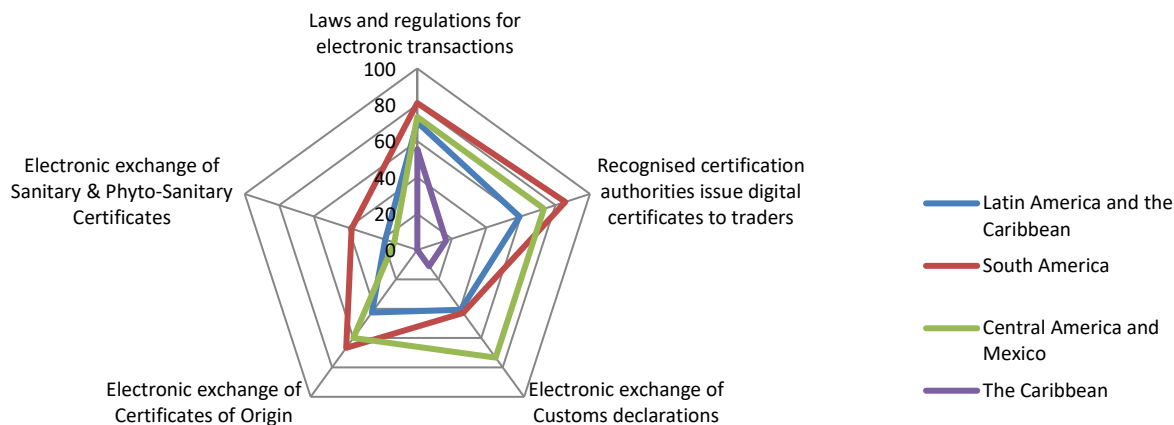
The Global Survey 2019 includes six cross-border paperless trade measures. Of the core groups of measures in the Survey, this is the one where Latin America and the Caribbean shows the weakest performance. Its average implementation rate is just 40%, four percentage points above the average implementation rate of the 128 countries participating in the Global Survey 2019 (ESCAP, 2019). Implementation levels in the region vary widely across individual measures (see figure 18). Same as in other categories, there is a considerable gap between average implementation levels in South America (54%) and Central America and Mexico (52%), on the one hand, and that of the Caribbean (14%), on the other (see figure 19).

Figure 18
Latin America and the Caribbean: implementation of cross-border paperless trade measures, 2019
(Percentages and number of countries at each implementation level)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

Figure 19
Latin America and the Caribbean: average implementation rates of cross-border paperless trade measures by subregion, 2019
(Percentages)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

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 transactions¹⁸— are considered the “basic building blocks toward enabling the exchange and legal recognition of trade-related data and documents” (ESCAP, 2015). These are precisely the two most implemented measures in the cross-border paperless trade category, with average implementation rates of 70% and 59%, respectively. All countries except Saint Vincent and the Grenadines reported some level of implementation of the first of these two measures, but six countries reported no implementation at all of the second (Antigua and Barbuda, Belize, Guatemala, Guyana, Saint Vincent and the Grenadines and Trinidad and Tobago).

Cross-border paperless trade involves the electronic exchange of documents that are necessary to complete an international trade transaction. 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 67% implementation rate for the electronic application and issuance of certificates of origin to traders within each country (see Section 3.E above), the results are much lower for the cross-border electronic exchange of those certificates between countries (43%). While this practice is not uncommon in South America (67%) and Central America and Mexico (60%) (see below), it is non-existent in the Caribbean. No country among the 18 participants exhibits full implementation of this measure, because none exchanges electronically certificates of origin with all its preferential partners.

¹⁸ 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.

Central America has a long experience with 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, served also as a preferential certificate of origin at the sub-regional level. Since May 2019 it was replaced by the Central American Single Declaration Form (*Declaración Única Centroamericana*, DUCA). This document integrates the three main customs declarations used for merchandise trade in Central America: FAUCA, used for intra-regional trade in originating goods; the Declaration for International Terrestrial Customs Transit (DUT), used for international land transit of goods; and the Declaration of Goods (DUA or DM), used for trade with third countries outside the region. For their part, the four members of the Pacific Alliance exchange digital certificates of origin among themselves. Both Chile and Colombia also exchange digital certificates of origin with Ecuador. Moreover, three MERCOSUR members (Argentina Brazil and Uruguay) exchange digital certificates of origin with each other, in the context of the initiative on digital certification of origin at the Latin American Integration Association (ALADI in Spanish).¹⁹

The electronic cross-border exchange of sanitary and phytosanitary (SPS) certificates registers a very low rate of implementation in the region (19%). South America leads the region (38%) since three South American countries (Chile, Colombia and Peru) are, together with Mexico, the most advanced countries in this regard. Since July 2016 these four countries electronically exchange phytosanitary certificates through their respective electronic single windows in the context of the Pacific Alliance. Moreover, Argentina indicated that it digitally exchanges SPS certificates with Chile, the Netherlands, New Zealand and the United States.

The least implemented measure relates to exporters collecting payment from a documentary letter of credit electronically without lodging paper-based documents (just 9%, the lowest among all core measures in the Global Survey 2019). Only one country (Mexico) indicated full implementation, with Chile reporting partial implementation.

G. Transit facilitation measures

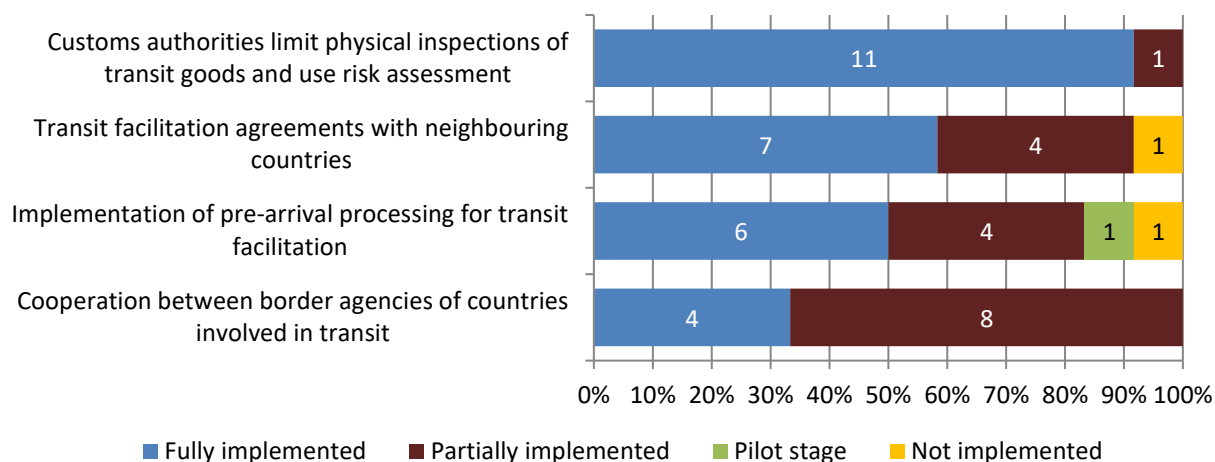
The Global Survey examines four measures related to transit facilitation which are based on Articles 10 and 11 of the TFA. Unlike other trade facilitation measures which involve the import and export of goods at a definite point of arrival and origin, transit facilitation measures encompass the regulations 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 82% average rate of implementation for transit facilitation measures. Overall, the most implemented measure relates to customs authorities limiting the physical inspection of transit goods and using risk assessment (97%), followed by the existence of transit agreements with neighboring countries (79%). Third comes cooperation between agencies of countries involved in transit (78%) and pre-arrival processing for transit facilitation, with 76% (see figure 20). South America and Central America

¹⁹ 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.

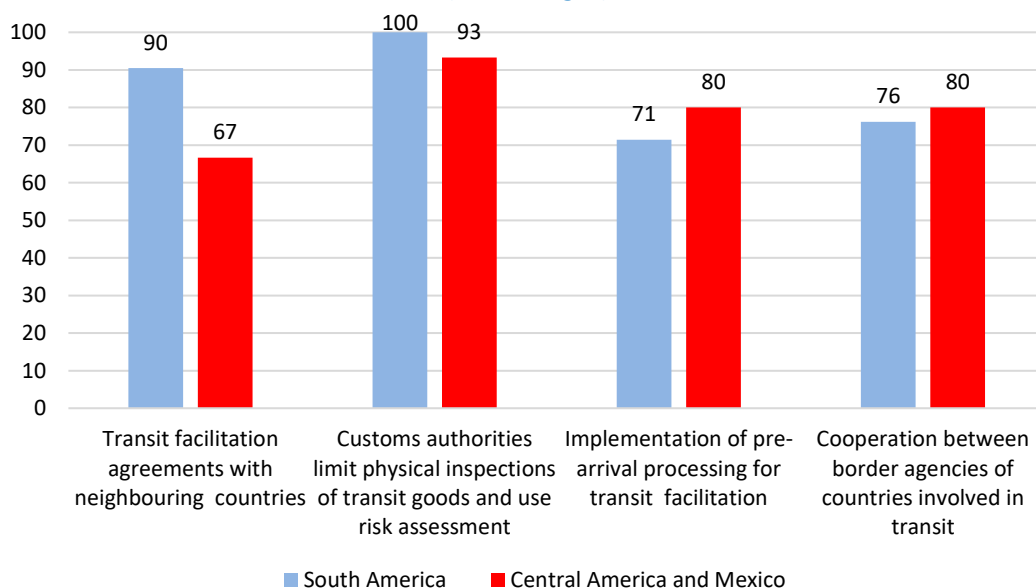
and Mexico show similar average implementation rates (85% and 80%, respectively), although their performance on individual measures shows some important differences (see figure 21).²⁰

Figure 20
Latin America (12 countries): implementation of transit facilitation measures, 2019
(Percentages and number of countries at each implementation level)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

Figure 21
Average implementation rates of transit facilitation measures in South America and in Central America and Mexico, 2019
(Percentages)



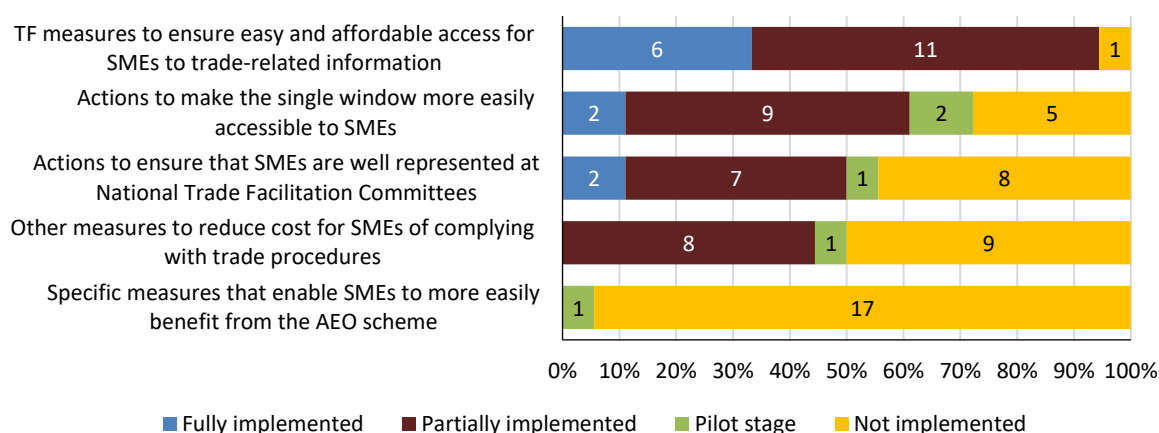
Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

²⁰ 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.

H. Trade facilitation for small and medium enterprises

The Global Survey 2019 includes five questions about 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 (WTO, 2016). In Latin America and the Caribbean, the share of exporting firms is below 1% in most countries, and most SMEs do not export (Park, Urmeneta and Mulder, 2019). However, Global Survey results indicate that the region performs poorly in easing documentary and procedural barriers to SME internationalization. It scores a 39% average implementation rate in this category, although with widely different implementation levels across individual measures (see figure 22).

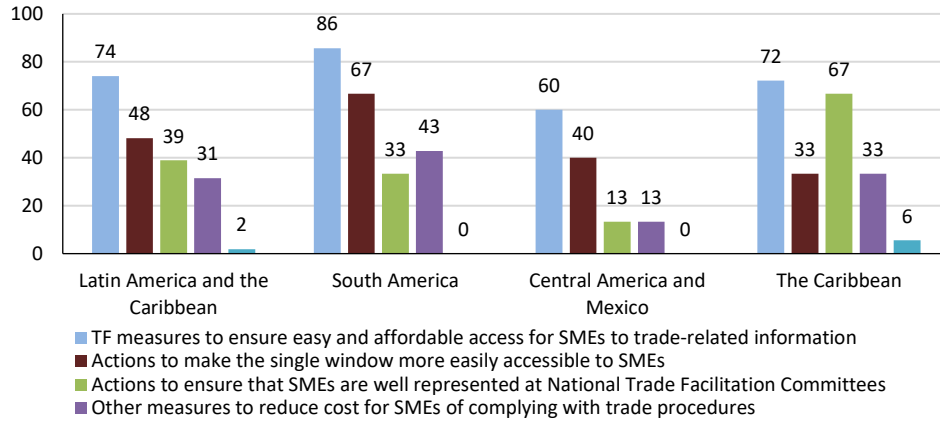
Figure 22
Latin America and the Caribbean: implementation of SME-oriented TF measures, 2019
(Percentages and number of countries at each implementation level)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

The region performs best in easing SME access to trade-related information, with a 74% average implementation rate (see figure 23). All participating countries except one (Guatemala) reported at least partial implementation of this measure. The second area where most progress has been made relates to easing SME access to electronic single windows (48%), with two countries (Chile and Peru) indicating full implementation. Next comes ensuring adequate SME participation in National Trade Facilitation Committees (39%) and other measures to reduce the cost for SMEs of complying with trade procedures (31%). The fifth type of measure (facilitating SME participation in Authorized Economic Operator schemes) is almost non-existent in the region, with just one country (Antigua and Barbuda) indicating it is at a pilot stage. Overall, South America and the Caribbean show implementation rates above the regional average (46% and 42%, respectively), while Central America and Mexico is well below it (25%).

Figure 23
Latin America and the Caribbean: average implementation rates
of SME-oriented TF measures by subregion, 2019
(Percentages)

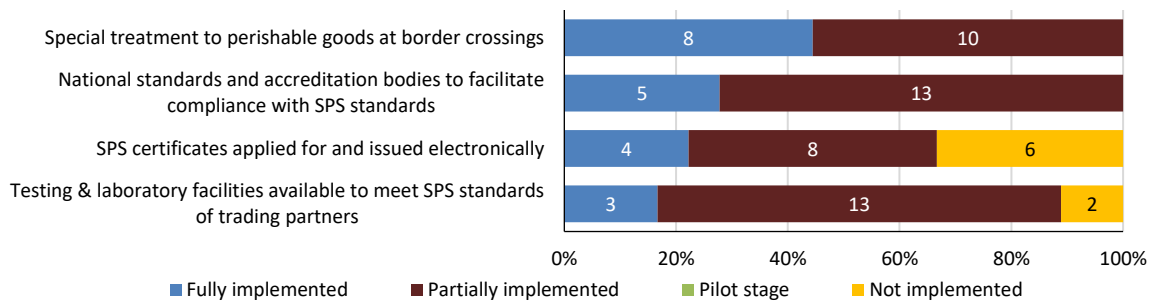


Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

I. Trade facilitation and agricultural trade

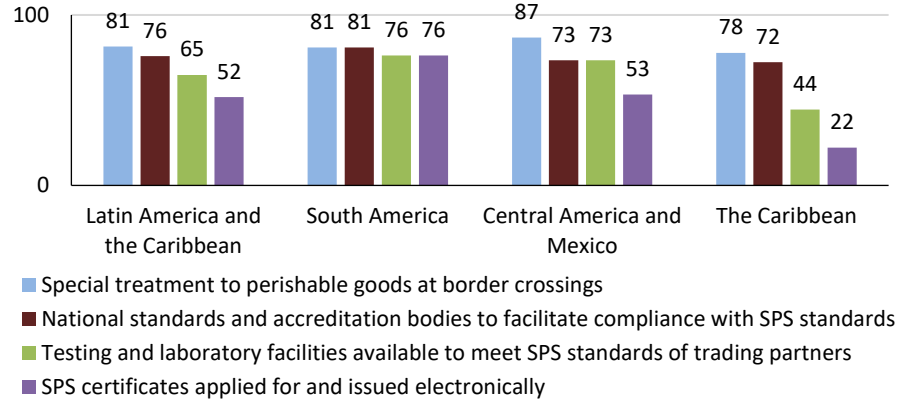
Speedy cross-border circulation is very important for agricultural goods, especially those that are highly perishable. Behind the border procedures such as meeting SPS standards and testing methods are also critically important for agricultural products (ESCAP, 2019). Against this background, the Global Survey 2019 includes four questions about trade facilitation and agricultural trade. This is a topic of high relevance for Latin America and the Caribbean, where many countries are large agricultural exporters (ECLAC 2017b, chapter III). The region’s average implementation rate in this category is 69%. The most implemented measure (81%) is granting special treatment to perishable goods at border crossings (see figure 24). This commitment is included in Article 7.9 of the TFA. All participating countries also report having national standards and accreditation bodies in place to facilitate compliance with SPS standards in export markets. The least implemented measure is the electronic application and issuance of SPS certificates (52%). South America scores well above the regional average in this measure, with all participating South American countries (except Argentina) reporting at least partial implementation. By contrast, its implementation is still very low in the Caribbean (see figure 25).

Figure 24
Latin America and the Caribbean: implementation of agricultural TF measures, 2019
(Percentages and number of countries at each implementation level)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

Figure 25
Latin America and the Caribbean: average implementation rates
of agricultural TF measures by subregion, 2019
(Percentages)



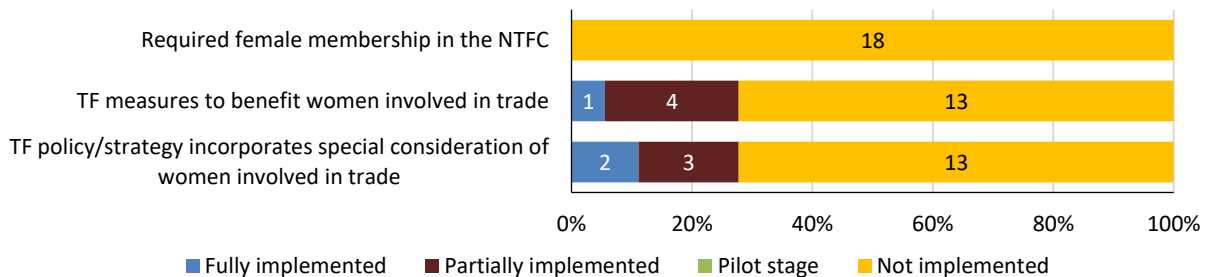
Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

J. Women in trade facilitation

Gender inequality can constrain a country’s trade expansion and hinder its international competitiveness (Higgins, 2012). Therefore, the Global Survey 2019 includes three questions that gauge the extent to which participating countries’ efforts in trade facilitation take into account the specific needs of women involved in trade. Results show that the region performs especially poorly in this regard, with an average implementation rate of just 14%. Several countries indicated that their trade policies did not discriminate by gender, making it unnecessary—in their view—to include special provisions targeting women.

Less than a third of participating countries reported giving special consideration to women in their trade facilitation policies and strategies or adopting specific measures targeted at women traders (see figure 26). Moreover, none of the eighteen participating countries requires female membership in their national trade facilitation committees, although several countries indicated that the majority of NTFC members are women. The least progress has been made in the Central America and Mexico sub-region, where the five participating countries reported no implementation of any of the three measures in this category.

Figure 26
Latin America and the Caribbean: implementation of women-oriented TF measures, 2019
(Percentages and number of countries at each implementation level)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

Belize is one of the few countries in the region which reports explicitly including gender considerations in its trade policy (although not necessarily in the specific area of trade facilitation). In its Global Survey response, it informed that its national trade policy refers to inclusive trade, including gender mainstreaming, advocacy for gender parity and inclusiveness in trade-related investments and ensuring that the benefits of trade are equally shared between both sexes. Another interesting experience —although also not specifically related to trade facilitation— is the inclusion of specific chapters on gender and trade in Chile’s FTA with Uruguay (signed in 2016) and in its revised FTA with Canada (signed in 2017). Both agreements include almost identical provisions for cooperation activities from which women can benefit, in areas such as skills enhancement, financial inclusion, agency and leadership, entrepreneurship and access to science, technology and innovation; and for the setting up of trade and gender committees to operationalize the relevant chapters of the agreements (ESCAP, 2019).

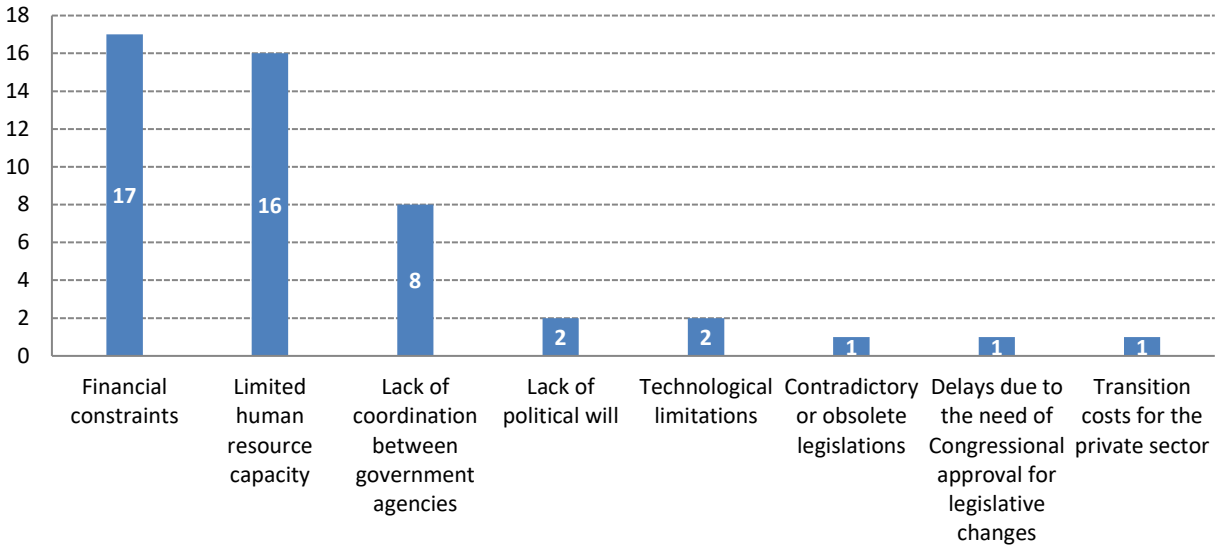
III. Conclusions and way forward

For Latin America and the Caribbean, making progress in the trade facilitation agenda remains crucial for several reasons. By easing trade among countries of the region, it can help to raise its low level of intraregional trade. Since red tape at the border affects SMEs disproportionately, trade facilitation also encourages the internationalization of those firms, the overwhelming majority of which do not export in the Latin American case. 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 (particularly in South America). Moreover, 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— remains very limited. Finally, several 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 2019 indicate that Latin America and the Caribbean has made considerable progress in trade facilitation over the last two years. Same as in 2017, it is the second best performing developing region after East and Southeast Asia. The group of 18 participating countries presents average implementation rates above 80% in more than half of the core measures included in the Global Survey, particularly in the categories of Transparency and Formalities. However, progress remains uneven both geographically and thematically. 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. Moreover, Latin America and the Caribbean performs poorly in the area of Cross-border Paperless Trade, as well as in ensuring that SMEs and especially women can make the most of trade facilitation. These results shed light on areas where international cooperation efforts, for example through the WTO's Trade Facilitation Agreement Facility, could make an especially valuable contribution.

Survey respondents were asked to identify the most serious challenges faced by their countries in implementing trade facilitation and paperless trade measures. Financial and human resource constraints were mentioned by practically all countries (see figure 27). Lack of coordination between government agencies also featured prominently, although less so than in the Global Survey 2017. This may probably be a result of the progress made since then in the establishment of national trade facilitation committees. These are crucial to successfully address the institutional challenges deriving from the cross-cutting, multi-agency nature of trade facilitation, as well as to implement a TFA-plus paperless trade agenda. However, there is no “one size fits all” model for NTFCs. Every country will need to gradually develop the structure, membership and governance best suited to its own needs and circumstances. Therefore, LAC countries will need to regularly monitor and evaluate the functioning of their respective NTFCs —most of which have been active for just a few years at most— in order to introduce the necessary adjustments.

Figure 27
Latin America and the Caribbean (18 countries): most common challenges faced in implementing trade facilitation and paperless trade measures, 2019
(Number of mentions)



Source: Author, with data from the Global Survey on Digital and Sustainable Trade Facilitation 2019.

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 were coordinated at the regional (or at least sub-regional) level. Central America has long led the way in this regard, but in recent years there have been some promising signs elsewhere in the region. On the one hand, the members of the Pacific Alliance have collectively achieved important breakthroughs in the area of trade facilitation in the last two years. On the other hand, an initiative was launched in 2018 to conclude a Mutual Recognition Agreement between the AEO schemes of nine Latin American countries. The Action Plan agreed in July 2018 by the presidents of the members states of the Pacific Alliance and MERCOSUR also aims at greater cooperation in the area of trade facilitation. However, as of writing not much concrete progress has been made. Since those are Latin America and the Caribbean’s two largest economic integration blocs, any agreements reached among their members would go a long way towards easing trade across the whole region.

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Annex

Definition of the different stages of implementation used in the Global Survey on Digital and Sustainable Trade Facilitation 2019

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.

The Latin American and Caribbean region faces considerable challenges in terms of reducing the non-tariff costs and the time associated with foreign trade operations. The Global Survey on Digital and Sustainable Trade Facilitation 2019, a joint initiative of the five United Nations regional commissions, seeks to gauge how far countries have advanced with regard to the baseline provided by the previous versions of the Survey in 2015 and 2017. This report summarizes the results of the Global Survey 2019 for the 18 participating countries from Latin America and the Caribbean, which account for 93% of the region's merchandise exports and imports in 2018. It thus provides an indication of their progress in implementing the World Trade Organization's Trade Facilitation Agreement, which entered into force in February 2017.



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