



The Trade Facilitation Agreement: overview, implementation, update

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WTO Secretariat

Objectives



Why a new Agreement?

What impact is expected from the TFA?

What obligations does the Agreement actually contain?

How will the Agreement be implemented? (Flexibilities)

Where do we stand with implementation?

Can we already identify any trends?

1. Why a new Agreement?

BACKGROUND

- 1996 Singapore Ministerial Conference: working group to study “the simplification of trade procedures”
- 2001 Doha Ministerial Conference: work on “expediting the movement, release and clearance of goods including goods in transit”
- 2004 General Council “July Package”: launched negotiations
- The **2013 Bali Ministerial Conference** (WT/MIN(13)/36 – WT/L/911):
 - Concluded the negotiations on Trade Facilitation
 - Established a “Preparatory Committee”
 - Mandated some follow up work
 - Annex to the Ministerial Declaration: the text of the TF Agreement

Trade Facilitation – International Trade

- **Reduce international trade costs and maximize the effects of trade liberalization by streamlining, modernizing and standardizing the procedures for the transportation and customs clearance of goods**
- Ease to import, export and capacity to distribute goods is the backbone of international merchandise trade
- Direct impact on companies ability to connect to regional and global value /supply chains and, therefore, have a direct impact on national economic competitiveness
- Trade facilitation reforms did not start and do not end with the WTO TFA: continuous improvements!

Benefits for governments and firms

| | Benefits for economic operators | Benefits for governments |
|-----------------|---|--|
| Transparency | Increased predictability | Enhanced compliance |
| Fairness | Reduced time and costs | Reduced costs |
| Good governance | Reduced costs Reduced delays Reduced complexity Fairness - Trust | Enhanced compliance More effective and more efficient government |
| Modernization | Simplification and reduced clearance times and costs | Enhanced dialogue with economic operators Enhanced compliance More effective and more efficient government |

Benefits of TFA implementation

Greater benefits
for more ambitious
TF agenda

Reduction of trade
costs higher for
developing
countries

Export
diversification
(products)

Export
diversification
(markets)

Enhanced
participation in
GVCs

Improved
environment for
SMEs

More FDI

Greater customs
collection

Lower incidence of
corruption

Speeding up trade:
benefits and challenges
of implementing the WTO
Trade Facilitation Agreement

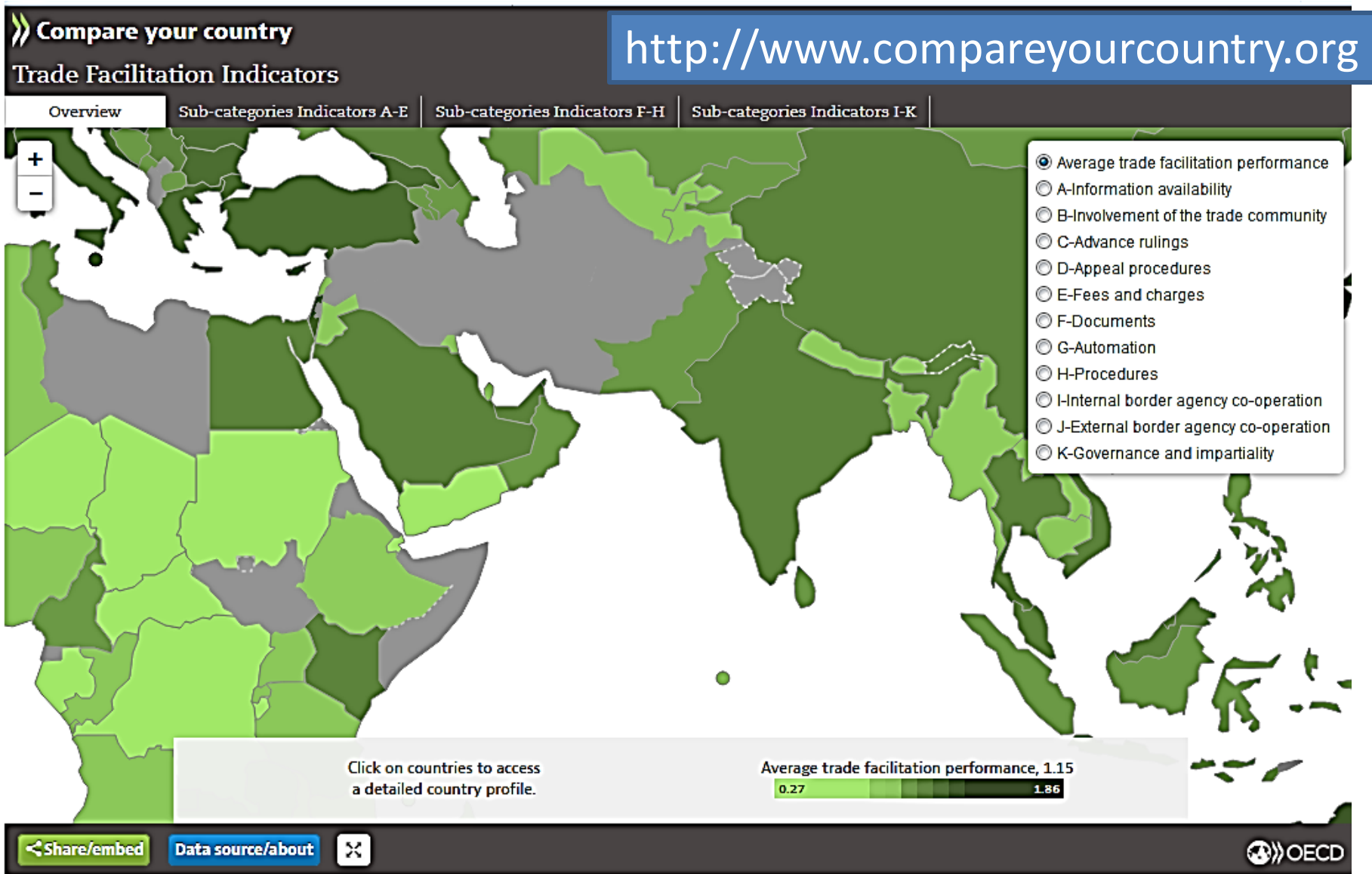
WORLD TRADE REPORT 2015



**Average
reduction of
trade costs:
14.5%**

WTO
World Trade
Report 2015

Trade Facilitation index



Large number of key stakeholders

Policy making entities

- Ministry of Trade
- Ministry of Foreign Affairs
- Ministry of Transport
- Ministry of Finance

...

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External donors

- International organisations
- Regional banks
- Donor countries

...

Implementing agencies

- Customs
- Port authority
- Airport authority
- Board patrol
- Coast guard
- Post offices

...

Private sector

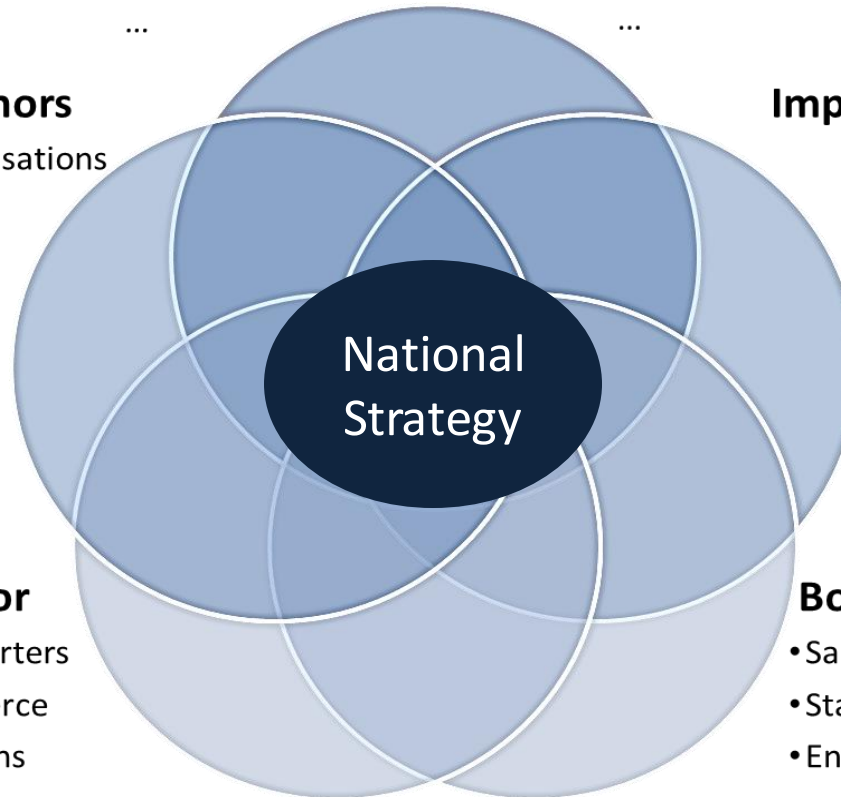
- Exporters and importers
- Chamber of commerce
- Business associations
- Foreign investors
- Consumers
- Civil society

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Border-control agencies

- Sanitary and phytosanitary
- Standards
- Environment

...



2. What reforms do the TFA prone?
What provisions does it contain?



Structure of the TF Agreement



Section I

The TFA contains 12 Articles with approximately 40 “measures”, 239 items



Section II

Flexibilities for implementation by developing and least-developed country Members



Section III

Final provisions and institutional arrangements



Section I

12 Articles with approximately 40 “technical measures”



Article 1
Publication & Availability
of Information



Article 5
Measures to Enhance
Impartiality, Non-Discrimination
& Transparency



Article 9
Movement under
Customs Control



Article 2
Comment
and Consultations



Article 6
Disciplines on Fees
and Charges



Article 10
Import, Export
& Transit Formalities



Article 3
Advance
Rulings



Article 7
Release and Clearance
of Goods



Article 11
Freedom
of transit



Article 4
Procedures for
Appeal or Review



Article 8
Border Agency
Cooperation



Article 12
Customs
Cooperation

Nature and scope of provisions

- Not all measures are necessarily obligations
- Full vs. partial implementation

Binding

Art. 1.1
(Publication):
“Each Member
shall promptly
publish ...”

Best endeavour

Art. 1.3 (Enquiry
Points): Members
are encouraged
not to require...”

Combination

Art. 1.2 (Information
through internet):
“Each Member **shall**
make available the
following...”
“Members **are**
encouraged to make
available”

Art. 1: Publication

▶ Art.1.1 Publication:

- ▶ Members **shall** promptly publish general trade-related information in a non-discriminatory and easily accessible manner
 - ▶ Example: import and export procedures; appeal procedures; applied rates of duties and taxes; import, export and transit restrictions; etc.

▶ Art. 1.2 Info available through internet:

- ▶ Each Member **shall** make available and update **to the extent possible** the information it provides to the public regarding import, export and transit procedures.
- ▶ One of the WTO languages
 - ▶ Example: forms and documents required to import, export and transit; contact information on enquiry points etc.

Art. 1.3: Enquiry points

- Each Member **shall, within its available resources,** establish or maintain one or more enquiry points to answer reasonable enquiries and provide required documentation within a reasonable period of time
- Possibility to establish/maintain one regional enquiry point
 - Any interested person may request specific information from a Member about import, export or transit requirements

Art. 2: consultations before entry into force

- Traders and other interested parties **shall** be given, to **the extent practicable**, an opportunity and appropriate time to comment on proposals for new trade-related and customs laws and administrative regulations, as well as any amendments thereto.
- New or amended laws and regulations **shall, to the extent practicable**, be made publicly available as early as possible before entry into force
- Member **shall, as appropriate**, provide for regular consultations between border agencies, traders and other interested parties

Art. 3 Advance rulings

- ▶ Customs **shall** provide a written decision (prior to import) on request of a trader concerning the tariff classification and origin of the good in a reasonable, time bound manner
- ▶ The ruling **shall** be binding on Customs and remain valid for a reasonable period of time. If a Member declines, revokes, modifies or invalidates an advance ruling, it **shall** inform the trader
- ▶ Member **shall endeavour** to make publicly any information related to advance rulings

Art. 7: Release and clearance of goods

- Art. 7.1 Pre-arrival processing: Traders **shall** be permitted to submit the import documentation prior to arrival of goods with a view to expediting clearance
- Art. 7.2 Electronic payments: **To the extent practicable**, Members should allow electronic payment of duties, taxes, fees and charges collected by Customs
- Art. 7.4 Risk Management: Members **shall, to the extent possible**, apply risk management systems. Such system **shall** focus on high risk consignments and expedite low risk consignments, while avoiding arbitrary discrimination

Art. 7.7: Authorized operators

- Members **shall** provide additional TF measures to operators who meet specified criteria (record of compliance, financial solvency etc.), such as:
 - Less documentation requirements
 - Less physical inspection
 - Rapid release time
 - Deferred payment of duties, taxes, fees and charges etc.
- Members **shall** publish the qualification criteria and **are encouraged** to base authorized trader schemes on international standards

Art. 8: Border agency cooperation

- Members **shall** ensure that its authorities and agencies operating at the border cooperate with one another in order to facilitate trade
- Members **shall, to the extent possible and practicable,** cooperate on mutually agreed terms with neighbour Members with a view to facilitate trade.
 - Examples of cooperation: alignment of working hours/days & procedures; joint controls; one-stop border post control; sharing of common facilities; etc.

Art. 10.4: Single Window

- Art 10.4 Single-Window:
 - Members **shall endeavour** to establish a Single Window to which traders can submit all documents and/or data required by customs and all other border or licensing authorities for the import, export or transit of goods.

Art. 12 Customs Cooperation

- Members **shall**, upon written request and subject to conditions (i.e. protection and confidentiality), exchange information and/or documents for the purpose of verifying the truth or accuracy of an import or export declaration
- A requested Member **may** refuse a request to provide information, and **shall** inform the requesting Member of the reasons for doing so

3. How will these measures be implemented?

General Principles

- The Agreement will be implemented:
 - by all developed countries at the time of entry into force of the TFA
 - by developing and least developed country Members at their own pace (Section II) but with transparency (notifications)

CATEGORY A

- Implementation upon entry into force of the TFA
- +1 year for LDCs
- Annex to TFA

CATEGORY B

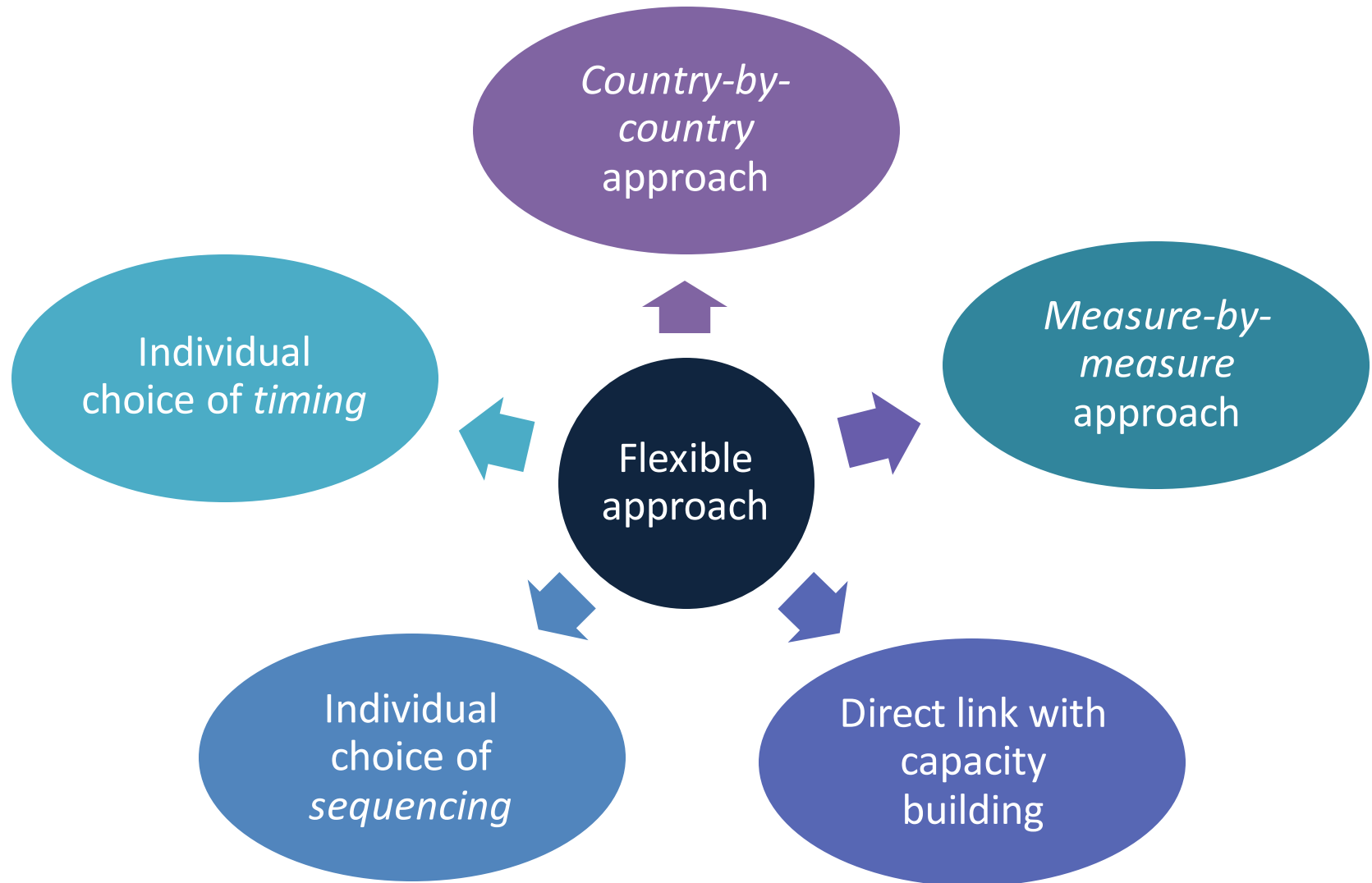
- Implementation after a transitional period
- Only time needed

CATEGORY C

- Implementation only after acquisition of capacities through capacity building
- Time + support needed

Flexibilities

(Special and Differential Treatment)



Additional flexibilities

Early Warning Mechanism (Art. 5)

- Extend implementation period (automatic extension for 1st request)
- Notify new date and reason for delay
- “Sympathetic consideration” for further requests

Expert Group (Art. 6)

- Third-party review to assess country’s capacity to implement
- Category C measures
- No extension granted

Category Shifting (Art. 7)

- Between B and C
- Provide information on TA and CB needed

Dispute settlement grace period (Art. 8)

- 2 years after entry into force for developing country Members – Category A
- 6 years after entry into force for LDC Members – Category A
- 8 years after implementation of Categories B and C measures by LDC



The Trade Facilitation Agreement Facility



The TFA Facility Website

<http://www.tfafacility.org>



WORLD TRADE
ORGANIZATION



Trade Facilitation
Agreement Facility

TFAF

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Search...



About the Facility

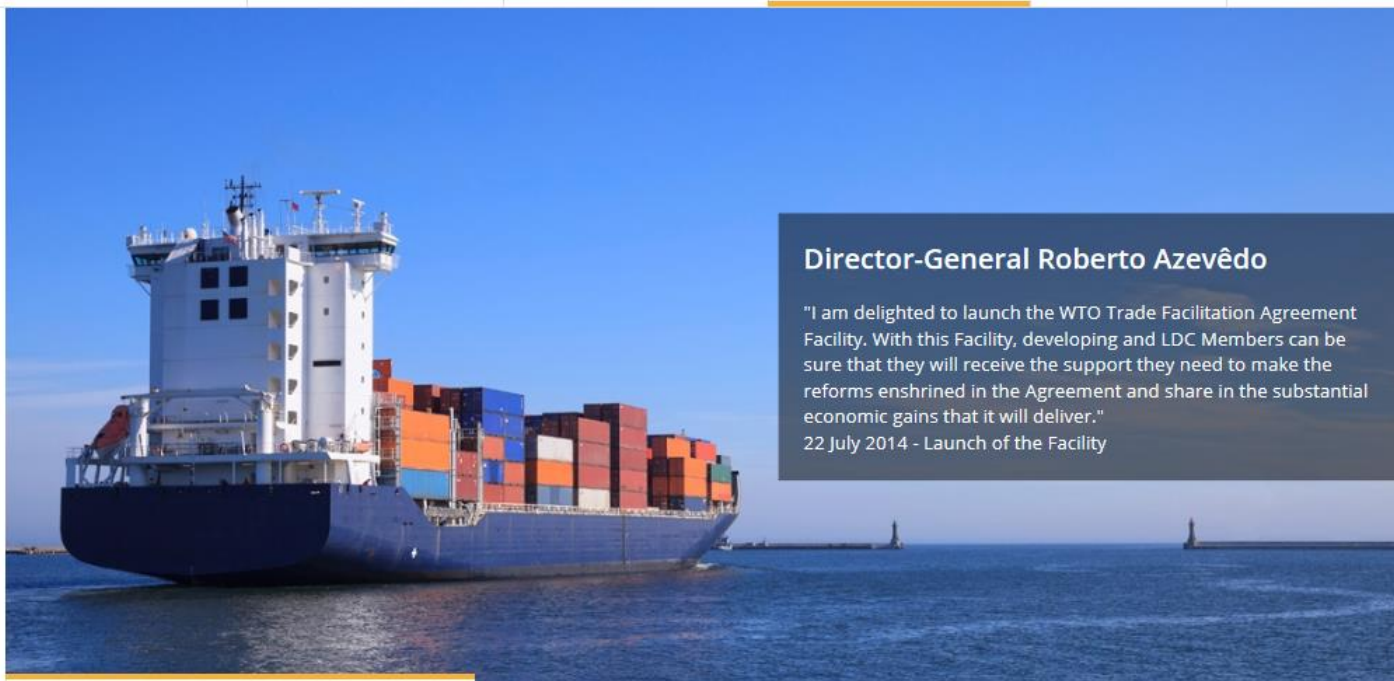
The Trade
Facilitation Agreement

Donors & Organizations

National contact points

TFAF Assistance

Media and
Resources



Director-General Roberto Azevêdo

"I am delighted to launch the WTO Trade Facilitation Agreement Facility. With this Facility, developing and LDC Members can be sure that they will receive the support they need to make the reforms enshrined in the Agreement and share in the substantial economic gains that it will deliver."

22 July 2014 - Launch of the Facility

Director-General Roberto Azevêdo

Why the TFAF?

New publication: "TFA: easing the flow of
goods across borders"



The TFA Facility

- Launched in 2014
- The Facility will complement existing efforts by regional and multilateral agencies, bilateral donors, and other stakeholders to provide TF-related technical assistance and capacity-building support (coordination and coherence)
- Ensure that no WTO Member is left alone facing the possible difficulties related to implementation (donor match-making and grants)
- Clearing house for information sharing

Resources



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About
the Facility

The Trade
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Notification & Ratification

Donors &
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Case studies by article


1.  Publication & availability of information

2.  Comment and consultation

3.  Advance rulings

4.  Procedures for appeal or review

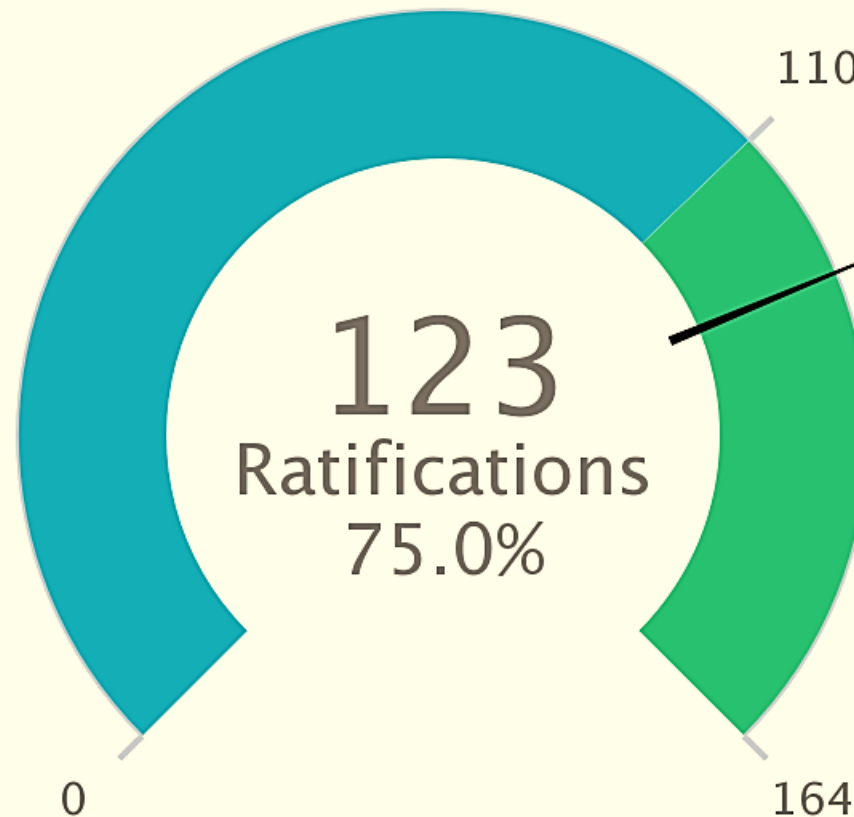
5.  Impartiality, non-discrimination & transparency

6.  Disciplines on fees and charges

4. Latest developments and trends

RATIFICATIONS RECEIVED

The Trade Facilitation Agreement (TFA) entered into force on 22 February 2017 when the WTO obtained the two-thirds acceptance from its 164 Members.



Mapping progress: ratification (123)



Albania (05.2016), Macedonia (10.2015), and Montenegro (05.2016)
have ratified the Agreement already



JS map by amCharts

Albania and Montenegro have already notified their measures under Cat.B

SELECT A METHOD

What do we know? Notifications (B)



Albania and Montenegro (05.2016), have already notified their measures under Cat.C

www.tfadatabase.org



WORLD TRADE
ORGANIZATION



Trade Facilitation
Agreement **Database**



The Trade Facilitation Agreement Database is a tool to search, filter and analyse the notifications and ratifications received under the Trade Facilitation Agreement.

Rate of implementation commitments by all WTO Members

53.0%

rate of
implementation
commitments
today
and an
additional 2.4% by
February 2018

4.0%

rate of
implementation
commitments
from December
2017 to February
2024
without capacity
building support

3.5%

rate of
implementation
from December
2017 to February
2032
upon receipt of
capacity building
support

37.1%

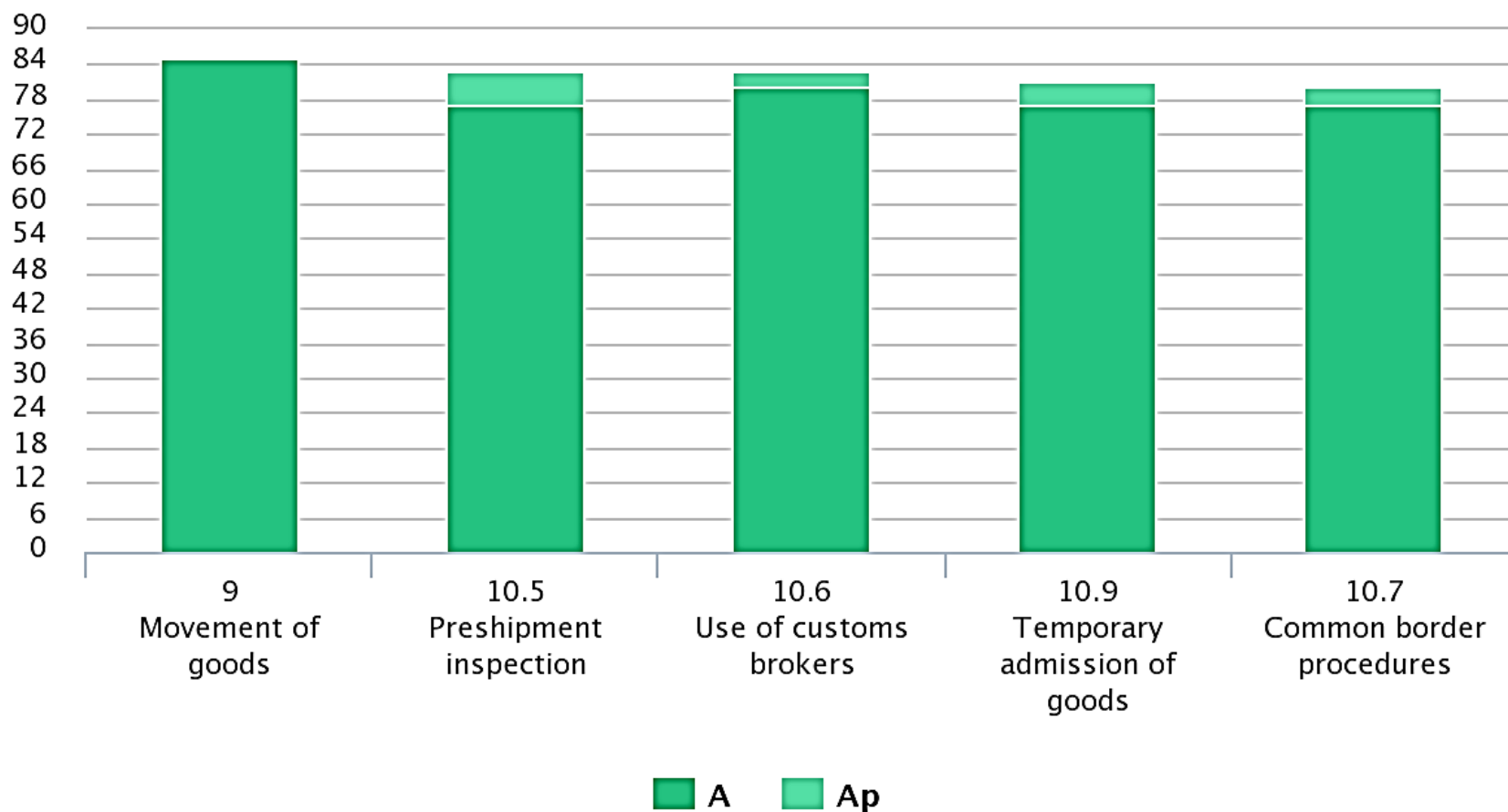
rate of non-
implementation



What is least challenging?

The 5 most notified measures in Category A

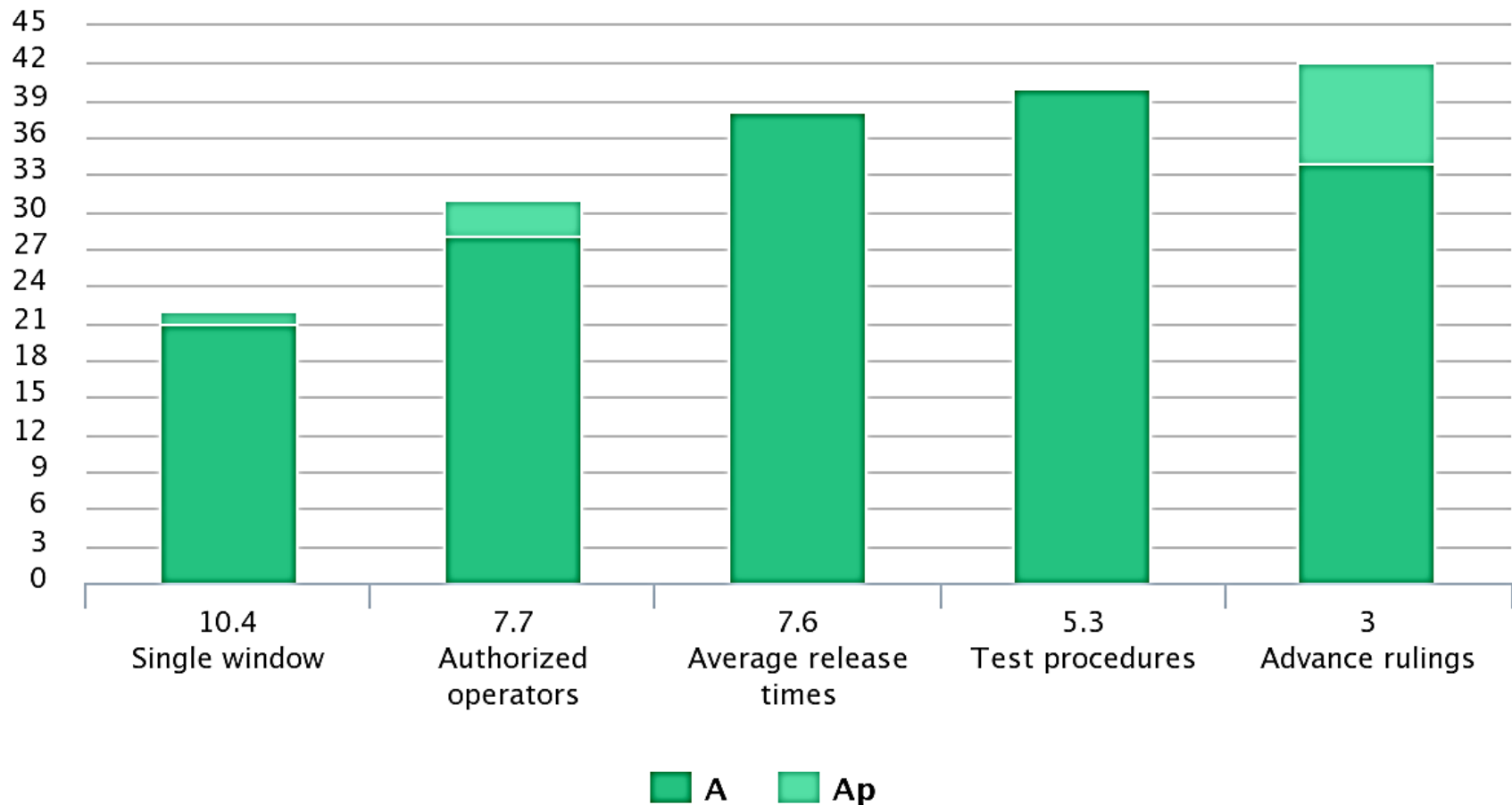
No. of measures fully or partially notified



What is most challenging?

The 5 least notified measures in Category A

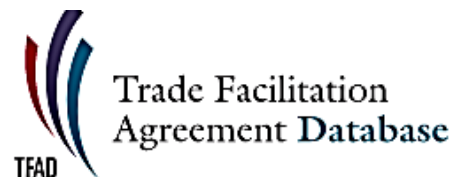
No. of measures fully or partially notified



Detailed analysis

EN ▾

Login



Home / Profile - 3 - Advance rulings

Profile - 3 - Advance rulings

Measure

3 - Advance rulings

42

Members designated
category A commitments

A

9

Members designated
category B commitments

B

10

Members designated
category C commitments

C

66

Members have not yet notified

N

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THANK YOU!