

**11th Meeting of the COMCEC Trade Working Group
7-8 March 2018, Ankara**

“Facilitating Trade: Improving Customs Risk Management Systems in the OIC Member States”

Trade Facilitation and the Efforts of the WTO for Facilitating Trade

**Xiaobing Tang
Senior Counsellor
Market Access Division
WTO**

Trade Facilitation



**9 billion documents
each year to process
movement of goods!**



1 day clearance = 1 % tariff

- ✓ Companies sometimes spend more money complying with customs regulations than customs earn in revenue



Overview

- 1 Why new rules on TF?**
- 2 Why negotiate in the WTO?**
- 3 History**
- 4 GATT and TF**
- 5 Implementation of the TFA**

1. Why new rules on TF? (1)

Following the growing dismantling of traditional barriers to trade...

- ▶ **increased attention on the elimination of remaining (non-tariff) obstacles to trade**



1. Why new rules on TF? (2)

- ✓ **Excessive documentation requirements**
- ✓ **Inefficient border-crossing procedures**
- ✓ **Transport and transit impediments**
- ✓ **Lack of transparency and predictability**
- ✓ **Lack of cooperation and coordination**
- ✓ **Lack of automated processes and scarce use of information technology**



Time is money!



| | Documents required to import goods (average No.) | Time to comply with all procedures to export and import goods (days) | |
|--------------------------------|---|---|-------------|
| East Asia & Pacific | 7.1 | 23.1 | 24.3 |
| CEECAC | 7.8 | 26.8 | 28.4 |
| MENA | 7.4 | 22.5 | 25.9 |
| OECD | 4.9 | 10.5 | 11.0 |




Source: World Bank, Doing Business 2010

1. Why new rules on TF? (4)

... and related negative impact on ...

- ✓ **Trade transaction costs**
- ✓ **Competitiveness**
- ✓ **Consumer prices**
- ✓ **Business opportunities**
- ✓ **Trade flows**
- ✓ **Government revenue**
- ✓ **Integration in international production supply chains...**



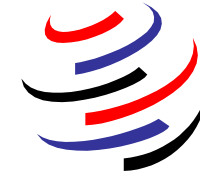
| | Benefits for traders | Benefits for Government |
|--|--|---|
| <p>Transparency + Fairness</p>  | <ul style="list-style-type: none"> •Predictability •Reduced time/costs | <ul style="list-style-type: none"> •Better compliance •Better quality decisions |
| <p>Good Governance</p>  | <ul style="list-style-type: none"> •Reduced costs •Reduced delays •Reduced complexity | <ul style="list-style-type: none"> •Better compliance •More effective •More efficient |
| <p>Modernization</p>  | <ul style="list-style-type: none"> •Reduce clearance times and costs | <ul style="list-style-type: none"> •Align with modern business practices •More effective •More efficient |



2. But why TF at the WTO?

- ✓ **Binding commitments from trading partners (159 Member countries)**
- ✓ **Enforcement through dispute settlement**
- ✓ **Apply to all border agencies**

2. History (1)



✓ 1996 (“Singapore issues”) 4 Working Groups

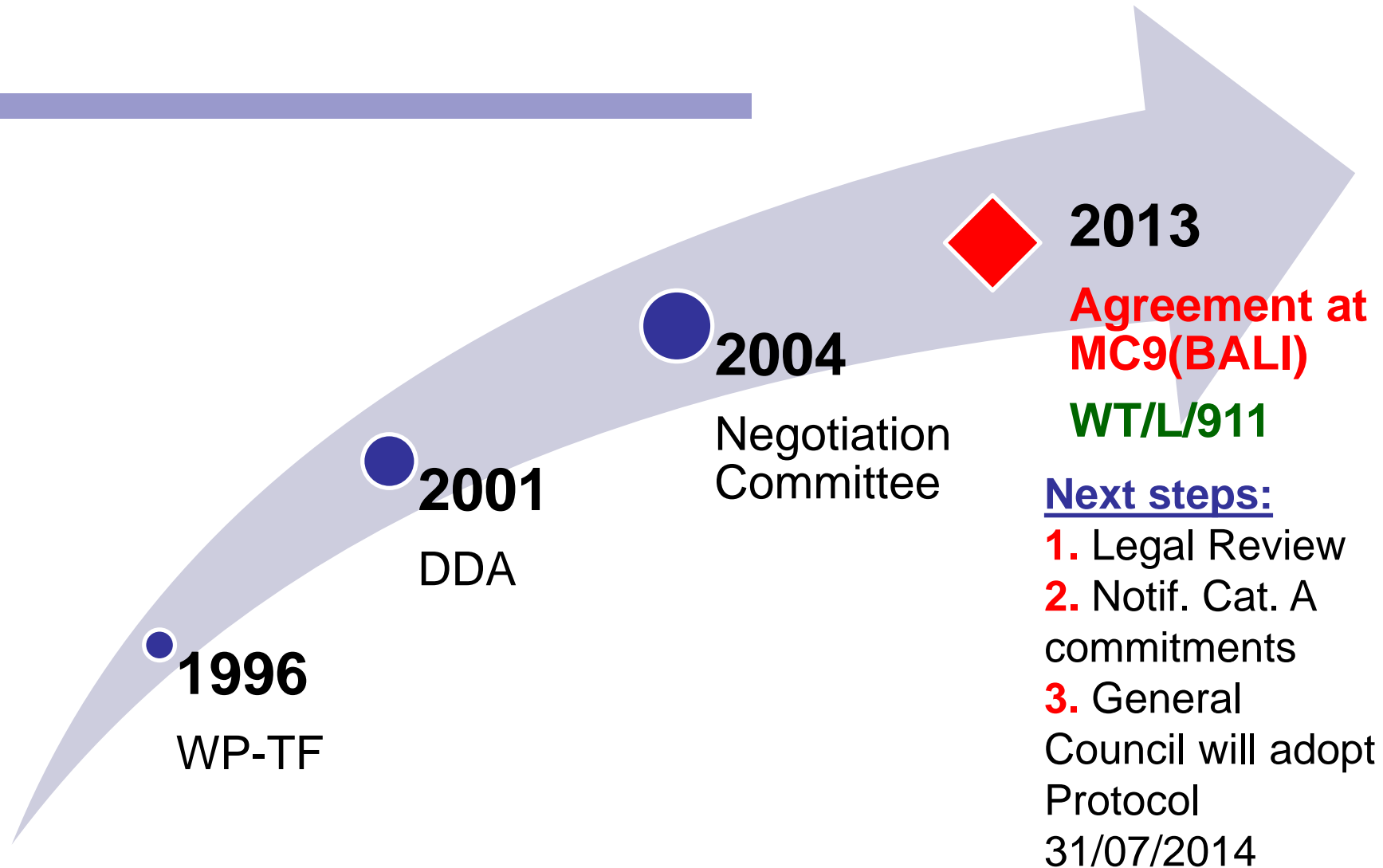
Trade
Facilitation

Transparency
in Government
Procurement

Trade and
Investment

Trade and
competition
policy

2. History (2)



3. What measures are contained in the TFA?



Provisions in the GATT1994 and TFA

Transparency

- Article X GATT1994
- Articles 1 to 5 Trade Facilitation Agreement

Fees and Formalities

- Article VIII GATT1994
- Articles 6 to 10 Trade Facilitation Agreement

Transit

- Article V GATT1994
- Article 11 Trade Facilitation Agreement

Other issues

- Some regulations in other WTO Agreements
- Articles 12 to 15 Trade Facilitation Agreement

S & D Treatment

- Section II Trade Facilitation Agreement

A. GATT Article X

Transparency



Publication



Administration of laws

Uniform, impartial and reasonable



Appeals

Prompt, independent review

Transparency

Articles 1 to 5 Trade Facilitation Agreement



- 1. Publication and availability of information**
- 2. Prior publication and consultation**
- 3. Advance Rulings**
- 4. Appeal [Review] Procedures**
- 5. Other measures to enhance impartiality, non-discrimination and transparency**

Example: Article 3 - Advance Rulings

What ?



Written decision provided by a Member to an applicant prior to the importation of a good . It sets forth the good's tariff classification, and origin (Art.3.9). In addition, Members are encouraged to provide: i) method or criteria used for customs value; ii) applicability of exemption from customs duties; quotas; etc...

Time

Delivered in a reasonable, time bound manner...

Other

Binding on that Member in respect of the applicant that sought it.

Article 4: Appeal or Review Procedures

On what?



- Administrative decision issued to any person on customs issues

Who?

- Administrative authority higher than or independent of the official that issued the decision, and judicial appeal or review.

How?

- Non-discriminatory manner
- Within set period in the law, or without undue delay

Article 5: Other Measures

- **5.1 Notification for enhanced controls or inspections**

- a border control mechanism, for quality of imported foods, beverages and feedstuffs products to protect life or health within the territory
- Based on risk, applied uniformly, shall terminate when circumstances no longer exist

- **5.2 Detention**

- Inform the carrier or importer promptly

- **5.3 Test Procedures**

- Grand opportunity for second test





B. GATT Article VIII

- Fees reflect cost for services rendered
- Reduce number and kind of fees
- Simplify formalities and documents
- Minor penalty for minor errors



Fees and formalities

Articles 6 to 10 Trade Facilitation Agreement



6. Fees and charges imposed on or in connection with importation and exportation.
7. Release and clearance of goods
8. Border Agency cooperation
9. Movement of goods under customs control intended for import
10. Formalities connected with importation and exportation and transit

Article 6: Fees and charges



6.1 Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation

- 1.1. Specific Parameters for Fees/Charges other than duties
- 1.2. Publication/Notification of Fees/Charges
- 1.3. Prohibition of collection of unpublished fees and charges

6.2 Fees and charges for customs processing

- Limited to cost of the services rendered
- Not required to be linked to specific import or export operation

6.3 Penalty Disciplines

Article 7: Release & clearance of goods (1)



Article 7: Release & clearance of goods (2)

| | | | | |
|---|--|--|---|---|
|  |  |  |  |  |
| <p>5. Post- clearance audit</p> | <p>6. Average release time</p> | <p>7. Trade Facilitation Measures for Authorized Operators</p> | <p>8. Expedited Shipments</p> | <p>9. Perishable Goods</p> |

Articles 8: Border Agency Cooperation



Encourage border Authorities & Agencies to cooperate

- Alignment of: working days and hours, procedures and formalities
- Development and sharing of common facilities
- Joint controls
- Establishment of one stop border post control

Article 9: Movement of goods under customs control intended for import

- ...allow goods intended for import to be moved within its territory under customs control from a customs office of entry to another customs office in its territory from where the goods would be release or cleared.

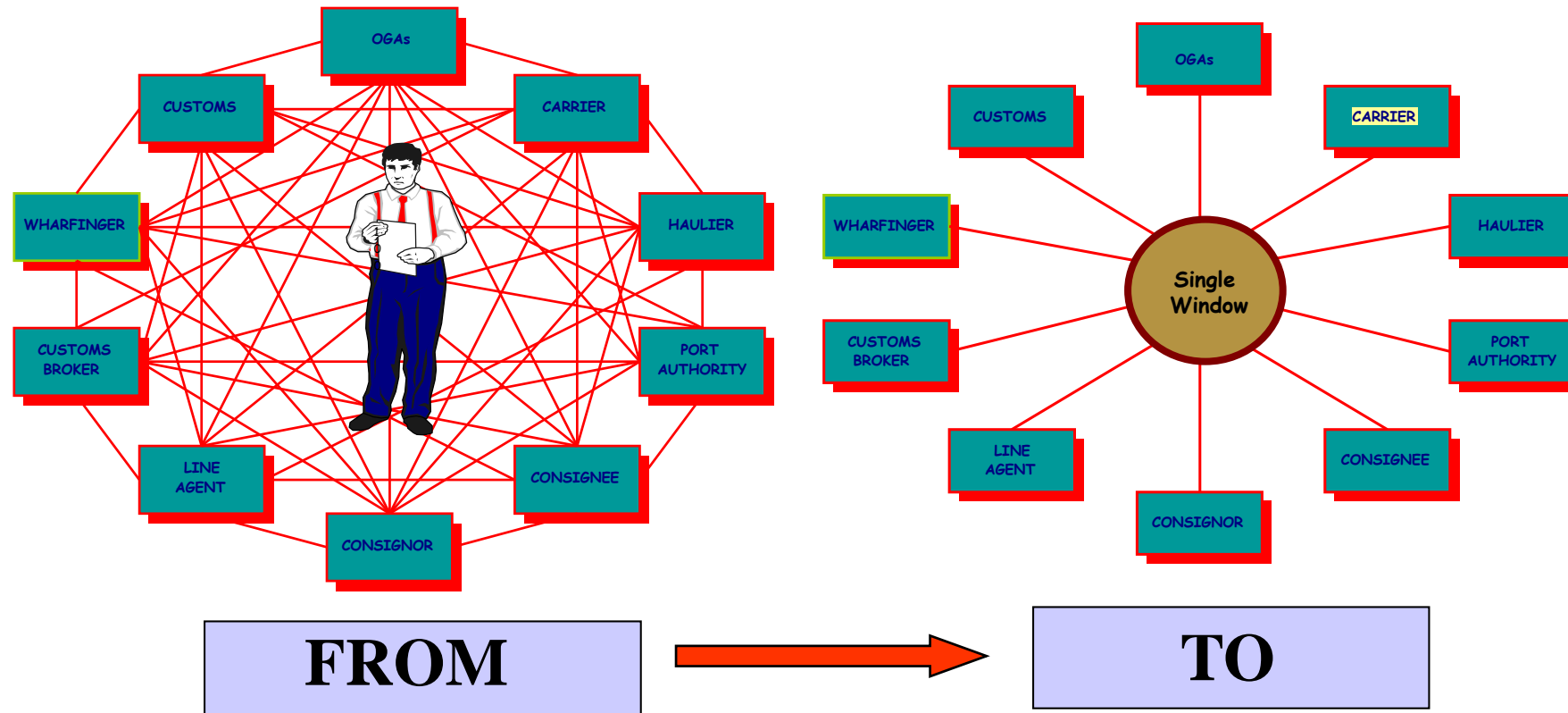


Article 10

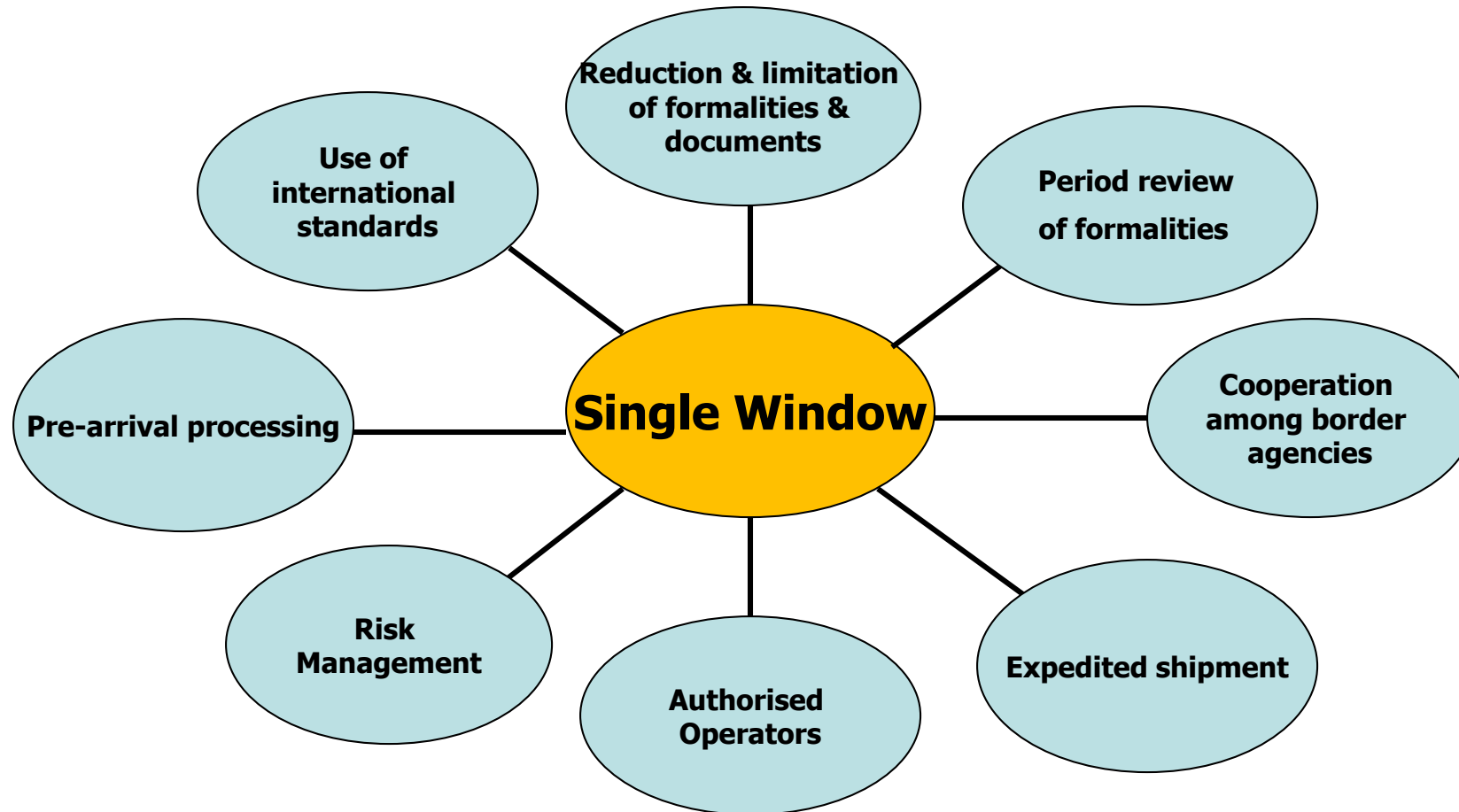
FORMALITIES, PROCEDURES & DOCUMENTATION

1. Formalities and documentation Requirements
2. Acceptance of Copies
3. Use of International Standards
4. Single Window
5. Pre-shipment Inspection
6. Use of Customs Brokers
7. Common Border Procedures and Uniform Documentation Requirements
8. Rejected Goods
9. Temporary Admission of Goods/Inward and Outward Processing

Single Window: the concept



Single Window and linkage to other TF measures under Article VIII



C. GATT Article V

Freedom of Transit

- **Most convenient routes**
- **No discrimination**
- **No unnecessary delays or restrictions**
- **No duties – reasonable charges**



Article 11: Freedom of transit

- Scope
- Basic Freedom of Transit
- Regulations, Restrictions and Non-Discrimination
- Disciplines on Fees and Charges, Formalities, Documentation Requirements, and Customs Controls
- Bonded Transport Regime and Guarantees
- Improved Coordination and Cooperation, appointment of national transit coordinator

D. Other issues

- **Article 12:** Customs Cooperation
- **Article 13:** Institutional Arrangements
- **Article 14:** National Committee
- **Article 15:** Preamble/Cross-cutting Matters

Implementation of the WTO TFA

)



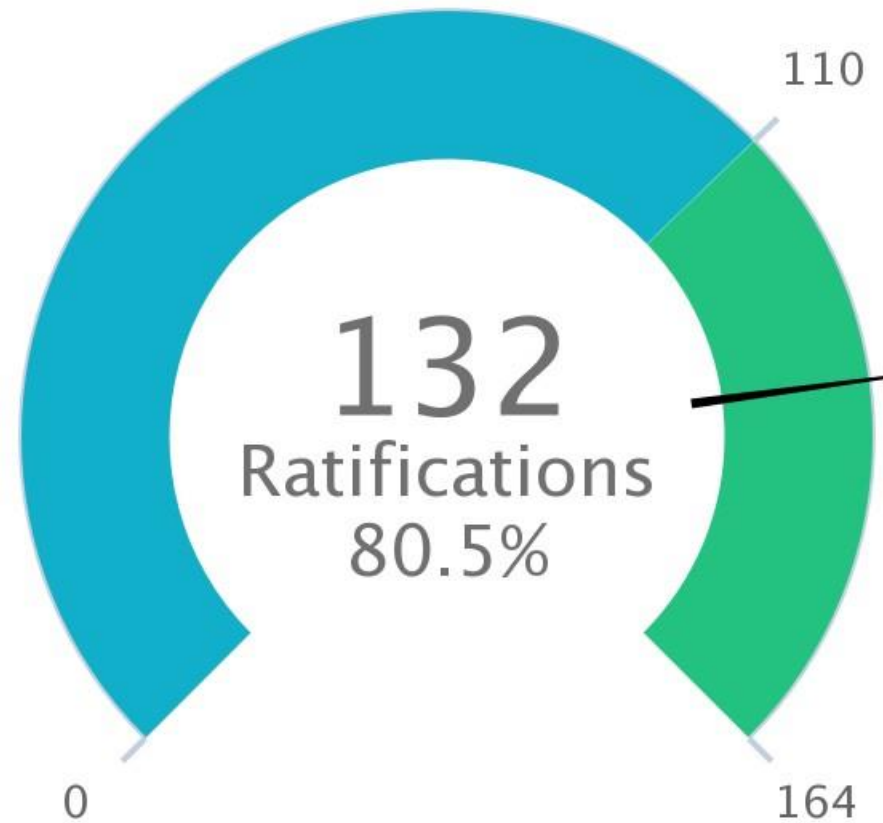
Rwanda, Chad, DG Azevêdo , Jordan, Oman



**TFA Entry into Force
February 22, 2017**

Ratifications

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

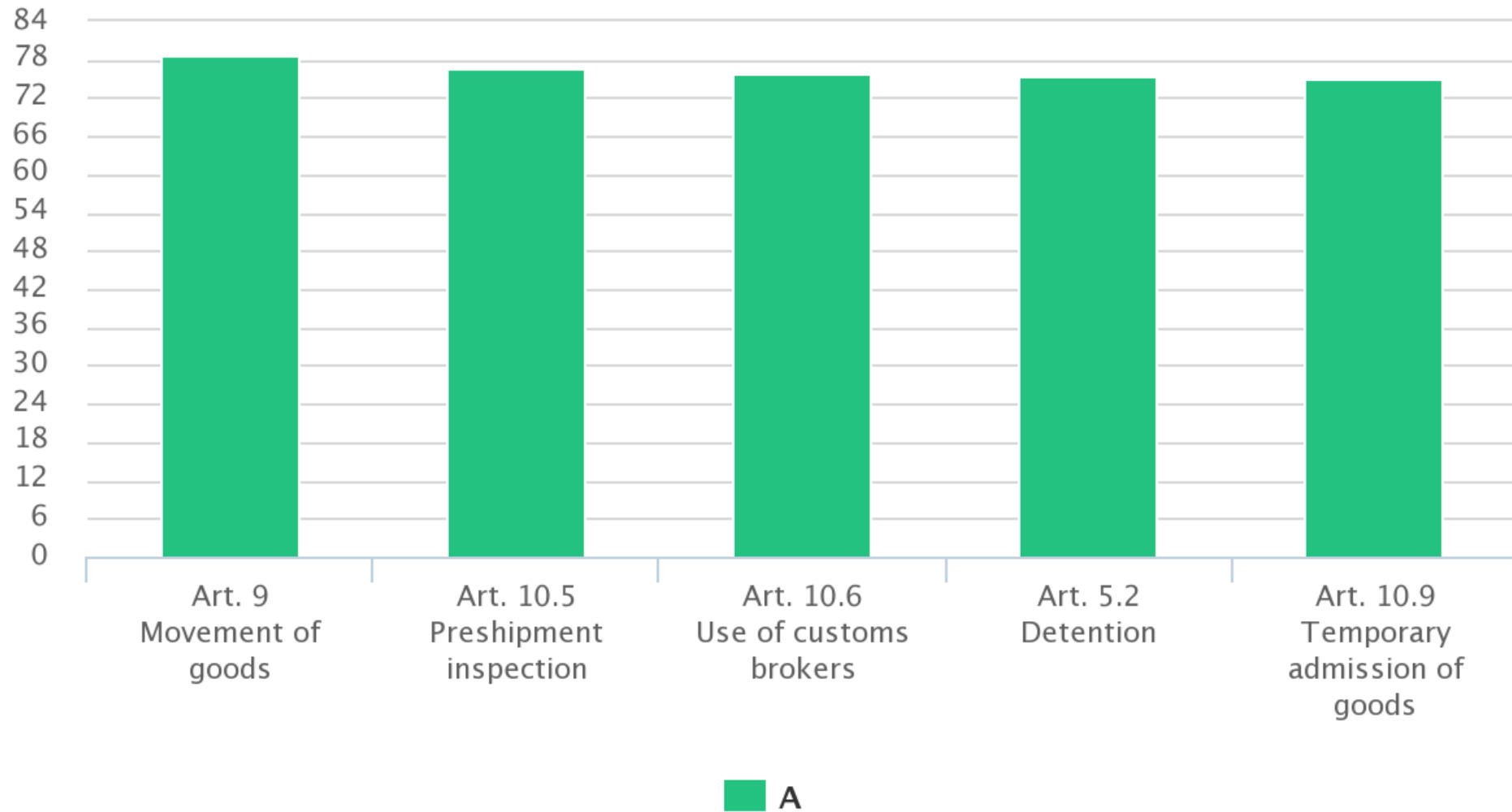


132 Instruments of acceptance received



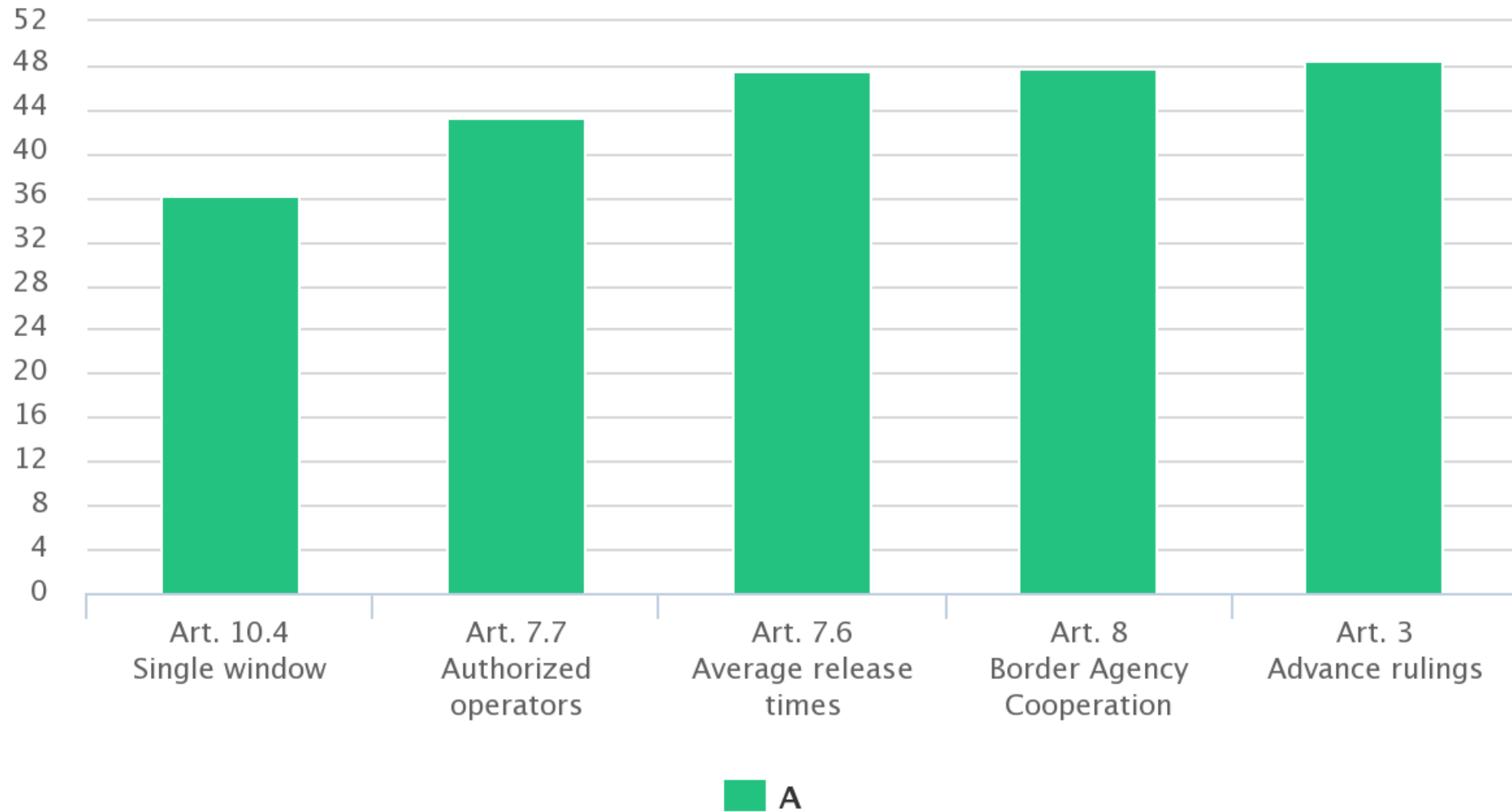
The 5 most notified measures in Category A

Based on % of all notifiable article items



The 5 least notified measures in Category A

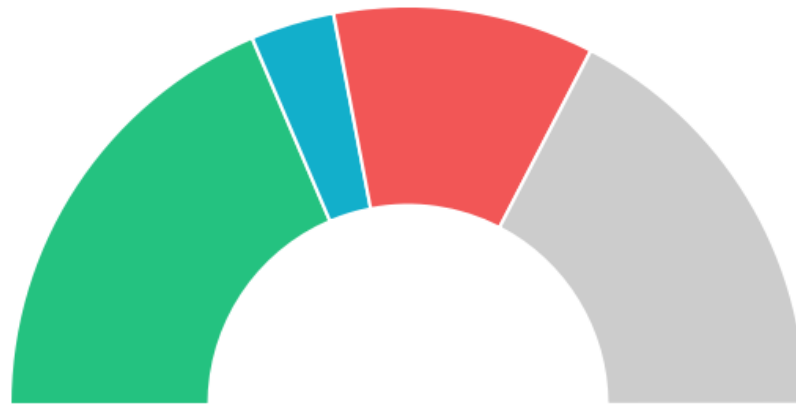
Based on % of all notifiable article items



Art. 7.4 Risk Management

Share of Categories A, B, C

Based on % of all notifiable article items – 7.4 – Risk management



A – 37.2% **B – 6.8%** **C – 21.2%** **Not yet notified – 34.8%**



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



IMPLEMENTATION SUPPORT

NATIONAL COMMITTEE ON TRADE FACILITATION

Each Member shall establish a **national trade facilitation committee** to **facilitate domestic coordination** and **implementation** of the provisions of the TFA.

1. Coordinate stakeholders
2. Notifications for delayed implementation/TACB
3. Oversee TACB projects
4. Monitor deadlines



Trade Facilitation Agreement Facility



Help members find the support they need to implement the TFA.

- TACB (ratification, notification, national committee, etc.)
- Donor information/matchmaking
- Tools/guidelines/case studies
- Grants

About the Facility

The Trade Facilitation Agreement

Notification & Ratification

Donors & Organizations

Contact Points and Profiles

TFAF Assistance

Media and Resources



The Trade Facilitation Agreement enters into force

The Trade Facilitation Agreement enters into force



Trade Facilitation Agreement Database



Zambia and Jamaica joint winners of case study competition



WTO TF Committee

How: Established when TFA enters into force

Who: Made up of all Members

- can request intl organizations to advise & assist with implementation

Why: Consult on operation of the TFA

- Further TFA objectives

When: Meet as needed (minimum 1X/year)

Where: WTO



Why Important?

- 🧠 Forum to raise issues on implementation of TFA
- 🧠 Resolution of issues between Members to avoid disputes
- 🧠 Source of information
 - Sharing of experience/best practices
 - other members TFA situation
 - TFA Facility events





THANK YOU

XIAOBING.TANG@WTO.ORG