



Facilitating Trade: Enhancing Public Availability of Customs Information in the OIC Countries

Part I: Global Trends, Good Practices, and State of Play

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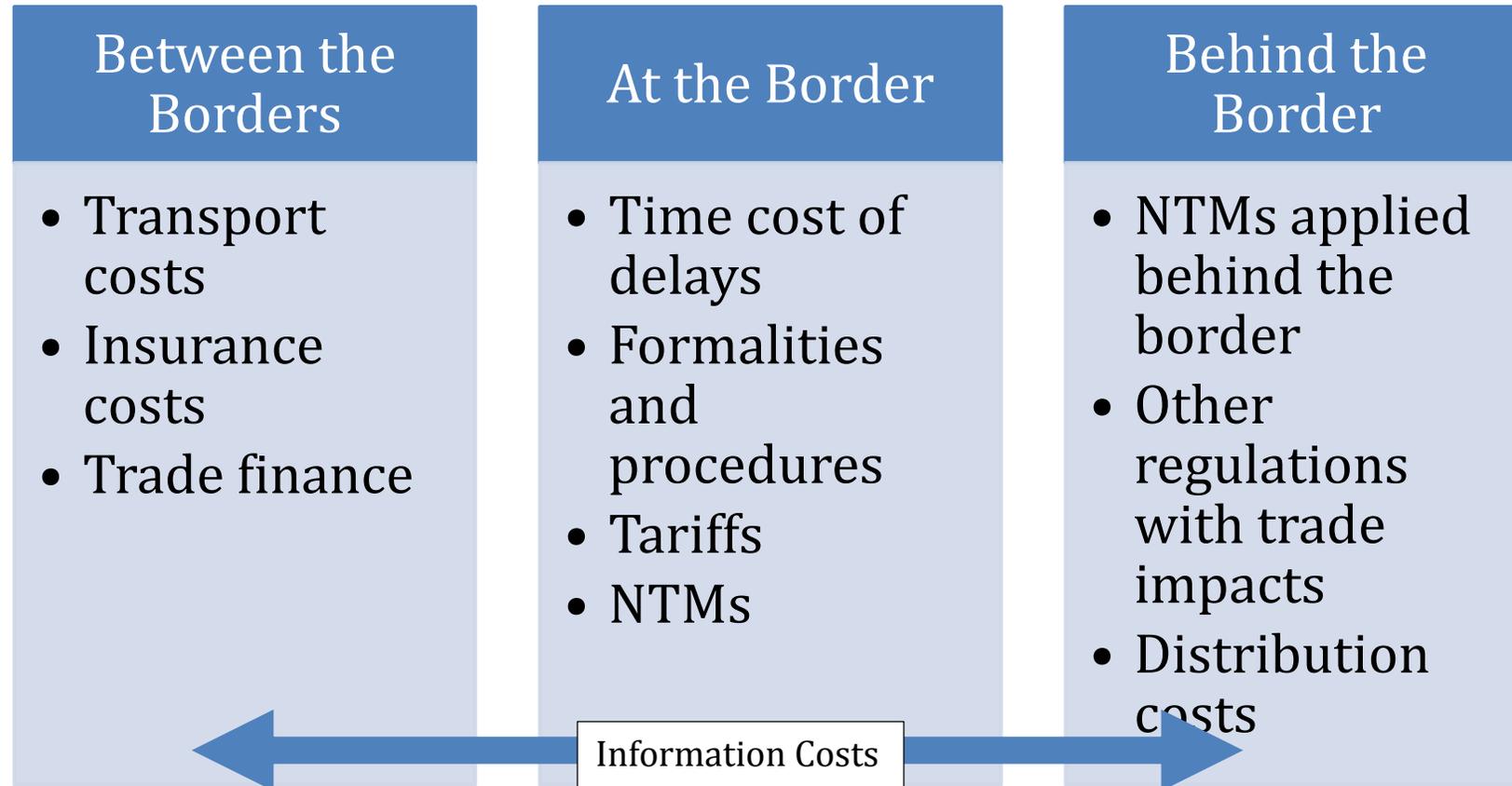
Outline

1. Conceptual Framework and Methodology
2. Global Trends and Good Practices
3. Current State of Play in OIC Member Countries
4. Conclusion

1. Conceptual Framework and Methodology

- ▶ Standard empirical models of international trade show that the value of bilateral trade is driven by:
 - ▶ Market size: positive effect (larger markets -> more trade)
 - ▶ Trade costs: negative effect (higher trade costs -> less trade)
- ▶ Trade facilitation focuses on ways of reducing trade costs.
 - ▶ Move beyond tariffs.
 - ▶ Consider non-tariff measures.
 - ▶ Consider between-the-border, at-the-border, and behind-the-border sources of trade costs.

1. Conceptual Framework and Methodology



1. Conceptual Framework and Methodology

- ▶ Information costs: the time and money costs faced by traders in informing themselves on procedures, rules, formalities, and certifications.
 - ▶ Customs information: rules and regulations governing interactions between Customs and the trade community, including duty rates.
 - ▶ Trade information: All types of trade-related information, such as special procedures relating to health or safety requirements.
- ▶ Focus here on understanding:
 - ▶ Sources of information costs.
 - ▶ Techniques for reducing information costs.
 - ▶ Relative performance of OIC countries in global context.

1. Conceptual Framework and Methodology

- ▶ Report based on quantitative and qualitative analysis.
- ▶ Quantitative:
 - ▶ Review of key data on public information availability.
 - ▶ Presentation of summary measures and identification of best practice.
 - ▶ Comparison across regions and groups.
- ▶ Qualitative:
 - ▶ Desk review case studies (literature + data + online resources).
 - ▶ Field visit case studies (interviews + literature + data + online resources).

1. Conceptual Framework and Methodology

- ▶ Two key global datasets on public information availability.
- ▶ OECD Trade Facilitation Indicators (TFIs):
 - ▶ Dimensions map to the WTO Trade Facilitation Agreement.
 - ▶ Scored 0 (not implemented), 1 (partially implemented), and 2 (fully implemented).
 - ▶ 163 countries.
 - ▶ 2012, 2015, and 2017.
- ▶ UN Global Survey on Paperless Trade (UNGS):
 - ▶ Covers selected TFA dimensions + use of IT solutions.
 - ▶ Scored 0 (not implemented), 1 (pilot stage), 2 (partially implemented), and 3 (fully implemented).
 - ▶ 120 countries.
 - ▶ 2015 and 2017.
- ▶ Availability of multiple years makes it possible to look at current state of play + time trends.

2. Global Trends and Good Practice

- ▶ International legal instruments establish a regulatory framework for public availability of trade information.
- ▶ WCO:
 - ▶ Revised Kyoto Convention Chapter 9:
 - ▶ Publication of Customs information.
 - ▶ Publication of new or amended rules prior to entry into force.
 - ▶ Promotion of information technology (ICTs) to achieve the above.
 - ▶ Revised Arusha Declaration paragraph 3: promotes publication of Customs information.
 - ▶ Transparency and Predictability Guidelines.
- ▶ Now also the WTO Trade Facilitation Agreement (TFA).
 - ▶ Entered into force in February 2017.
 - ▶ 34/57 OIC member countries have ratified.

2. Global Trends and Good Practice

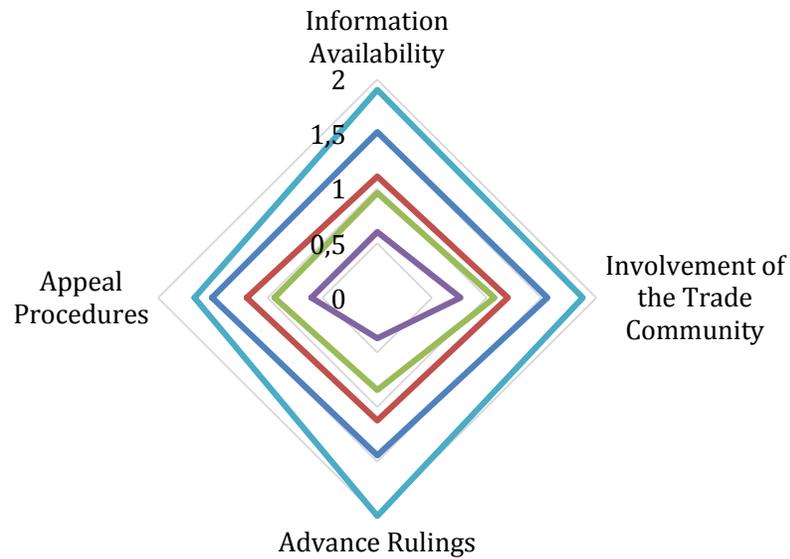
TFA Article	Contents
1.1.1	Publication of trade-related information.
1.2.1	Publication of additional information and descriptions.
1.2.2	Where possible, use an official WTO language.
1.2.3	Encouragement to make information available online.
1.3	Establishment of enquiry points.
1.4	Notifications of above to WTO.
2.1.1	Opportunity to comment on proposed laws prior to entry into force.
2.1.2	Make information available prior to entry into force.
2.2	Consultations between border agencies and trade community.
3.1	Advance rulings.
4	Appeal and review.

2. Global Trends and Good Practice

- ▶ WTO law incorporates “special and differential treatment” (SDT) for developing countries and LDCs.
- ▶ TFA innovates by allowing each developing country or LDC to self-select a program for implementation:
 - ▶ Category A obligations: Immediate implementation (one year delay for LDCs).
 - ▶ Category B obligations: Deferred implementation with time period set by the country.
 - ▶ Category C obligation: Deferred implementation, only upon receipt of technical assistance from developed countries.
- ▶ Designed to deal with the fear of large adaptation costs in developing countries and LDCs.

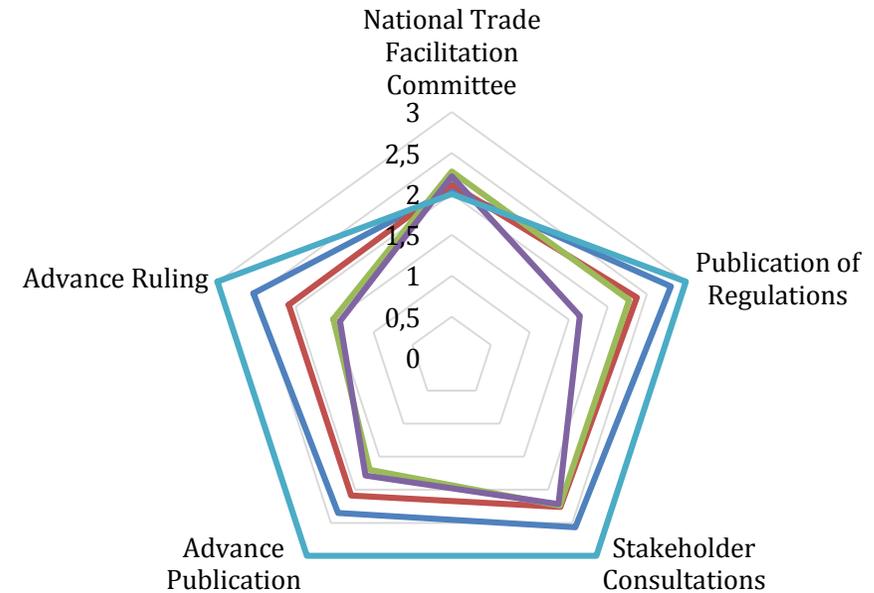
2. Global Trends and Good Practice

TFIs



— High income — Upper middle income
— Lower middle income — Low income
— Singapore

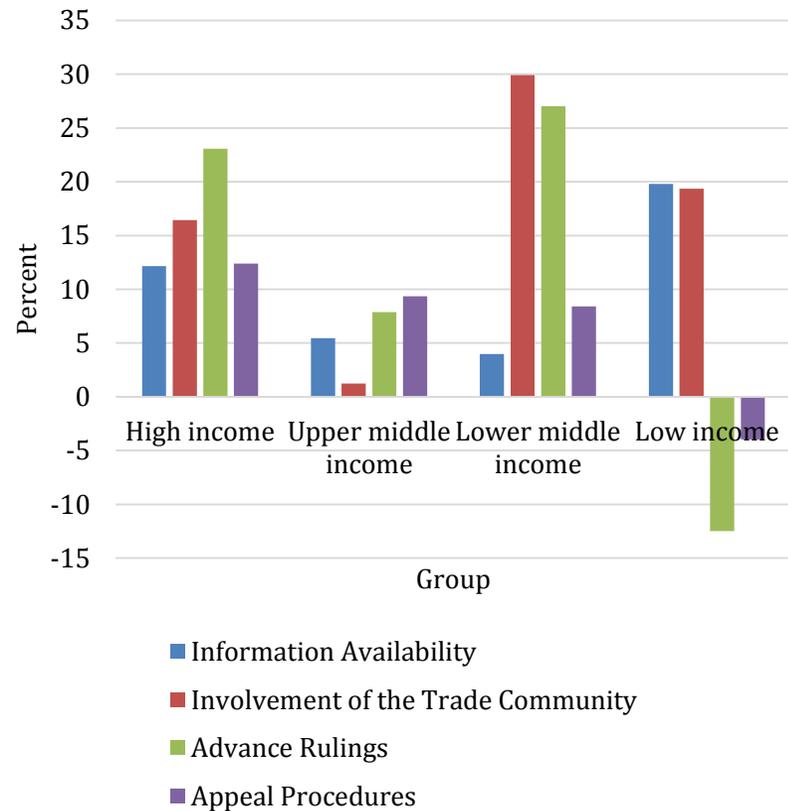
UNGS



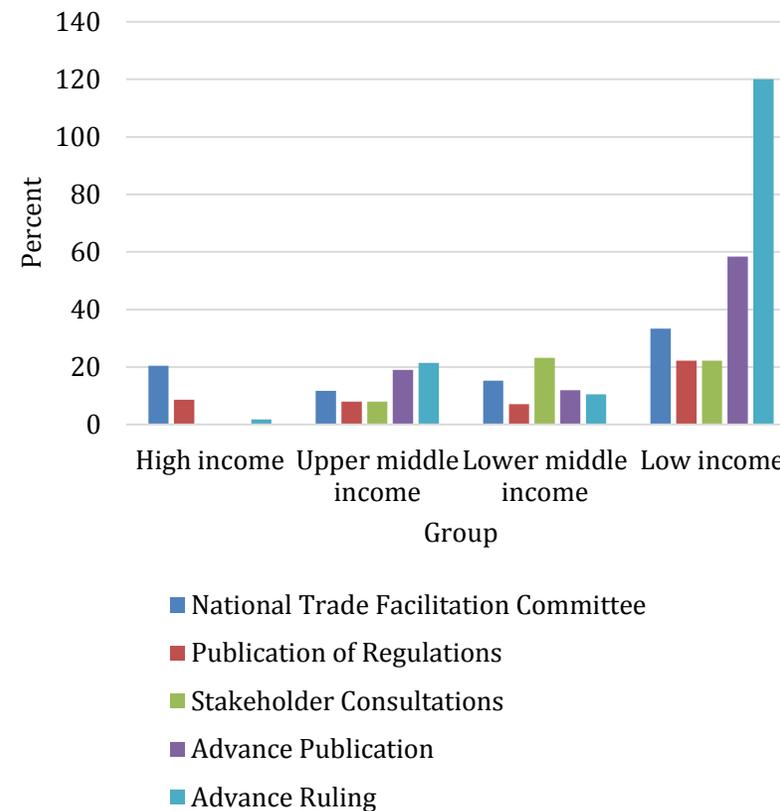
— High income — Upper middle income
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2. Global Trends and Good Practice

TFIs (2012-2017)



UNGS (2015-2017)



2. Global Trends and Good Practice

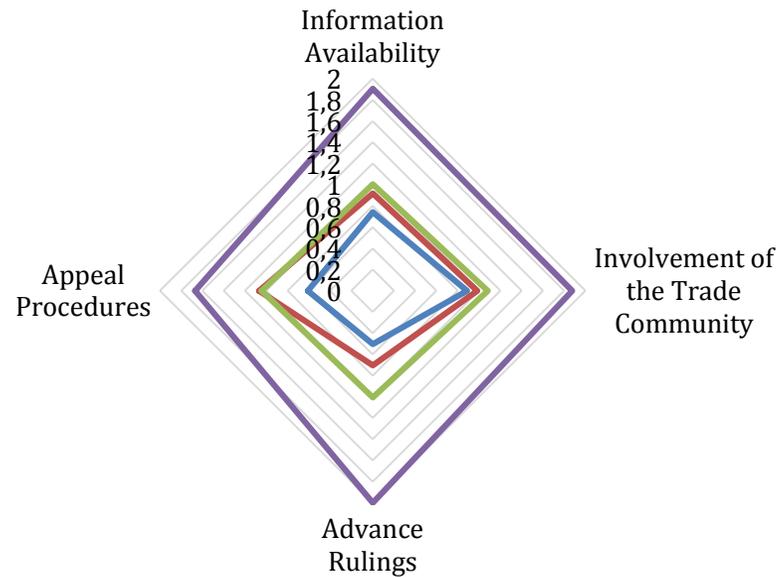
- ▶ TFA framework is the culmination of a process that has been underway through, in particular, WCO instruments, and RTAs.
- ▶ Two main datasets available to evaluate the state of play and recent progress in relation to the public availability of trade information: OECD TFIs and UNGS.
- ▶ Both data sources show that performance is typically stronger in higher income countries. On a regional basis, performance is more variable: on average, regions tend to perform well in some areas but less well in others.
- ▶ Ongoing process of convergence to global norms, which is observed as catch up by weaker performing countries.
 - ▶ Rate of improvement in low scoring countries is typically much faster than for higher scoring countries.
 - ▶ Evidence of rapid improvement, in relative terms, in Sub-Saharan Africa.
- ▶ Numerous examples of good practice globally, but key one retained is Singapore:
 - ▶ At least partial implementation for all data points.
 - ▶ Full implementation for most.
 - ▶ Goes well beyond TFA requirements.
 - ▶ Adopted as a best practice case study.

3. Current State of Play in OIC Member Countries

- ▶ Review of TFIs and UNGS focusing on OIC regional groups:
 - ▶ African Group
 - ▶ Arab Group
 - ▶ Asian Group
- ▶ Retain key indicators, four from TFIs & five from UNGS.
- ▶ Singapore used as global best practice benchmark.

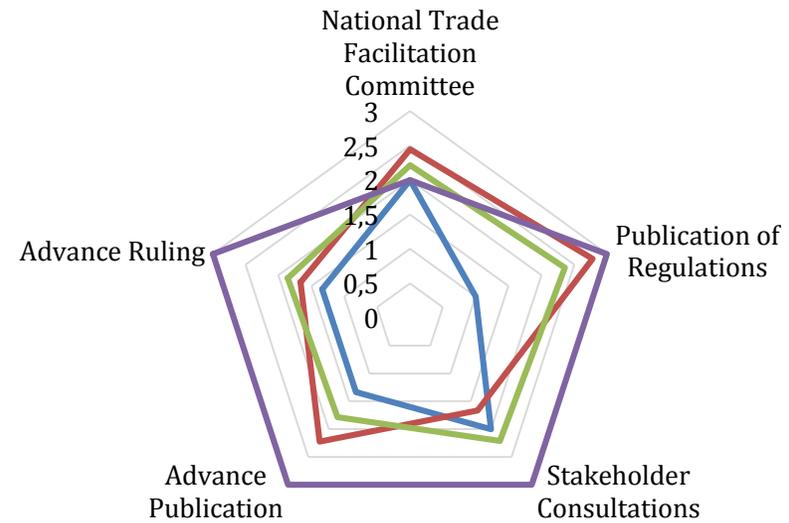
3. Current State of Play in OIC Member Countries

TFIs



— African — Arab — Asian — Singapore

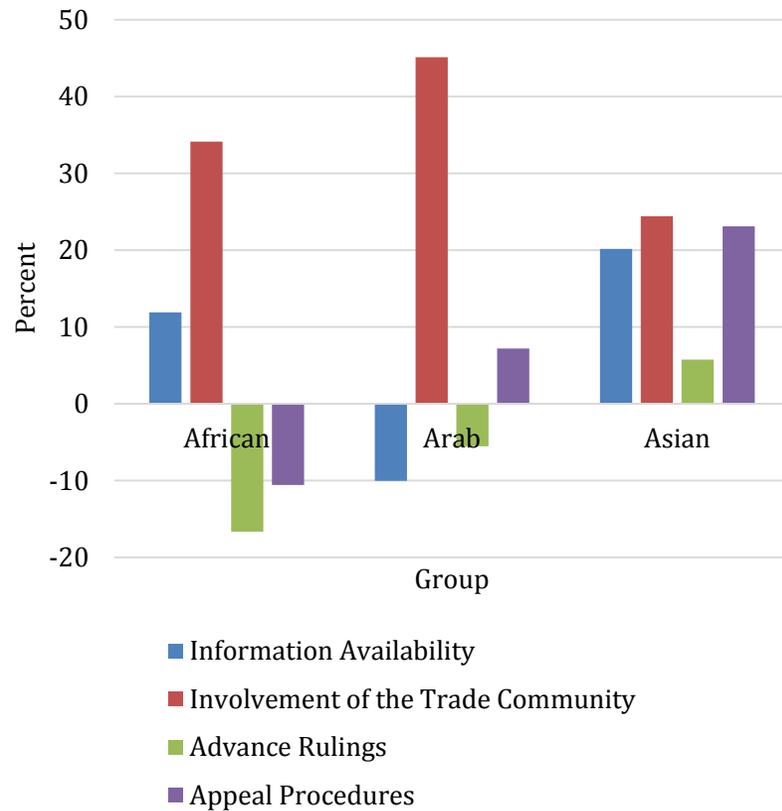
UNGS



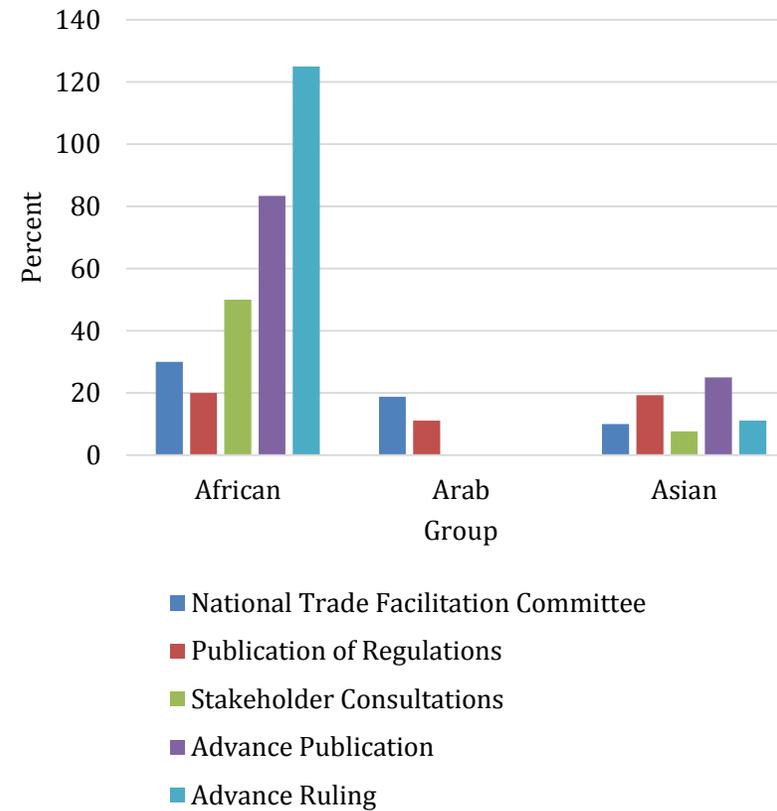
— African — Arab — Asian — Singapore

3. Current State of Play in OIC Member Countries

TFIs (2012 – 2017)



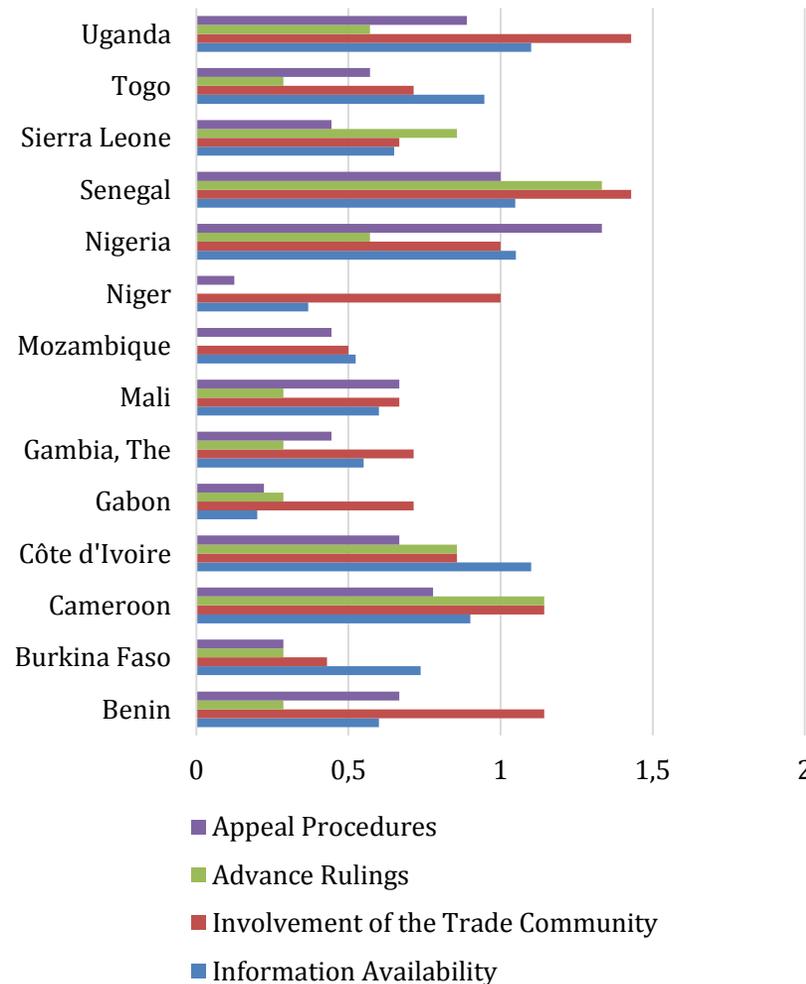
UNGS (2015 – 2017)



3. Current State of Play in OIC Member Countries

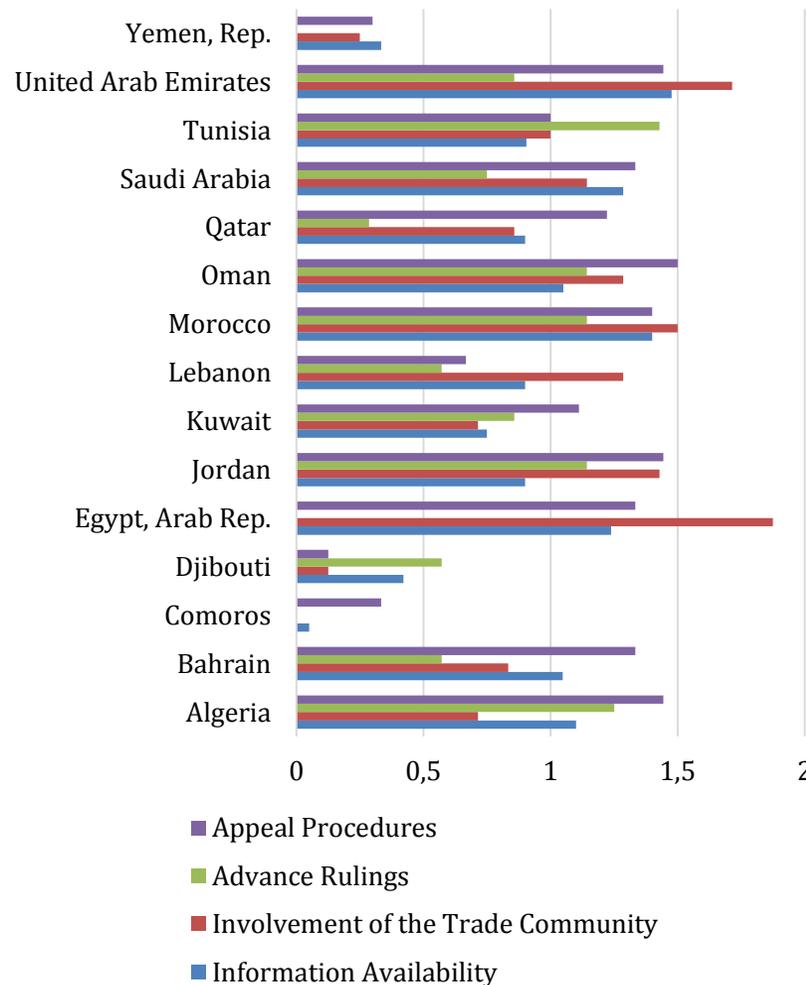
- ▶ All three OIC groups are, on average, well within the global best practice frontier.
- ▶ The Asian and Arab Groups are fairly comparable, but the African Group generally has weaker performance.
- ▶ But there are indications of more rapid improvement in the African Group over time.
- ▶ Areas of strongest performance in the OIC include:
 - ▶ Establishment of NTFC and involvement of the trade community.
 - ▶ Publication of regulations and basic information.
- ▶ Group averages obscure considerable differences across countries.

3. Current State of Play in OIC Member Countries



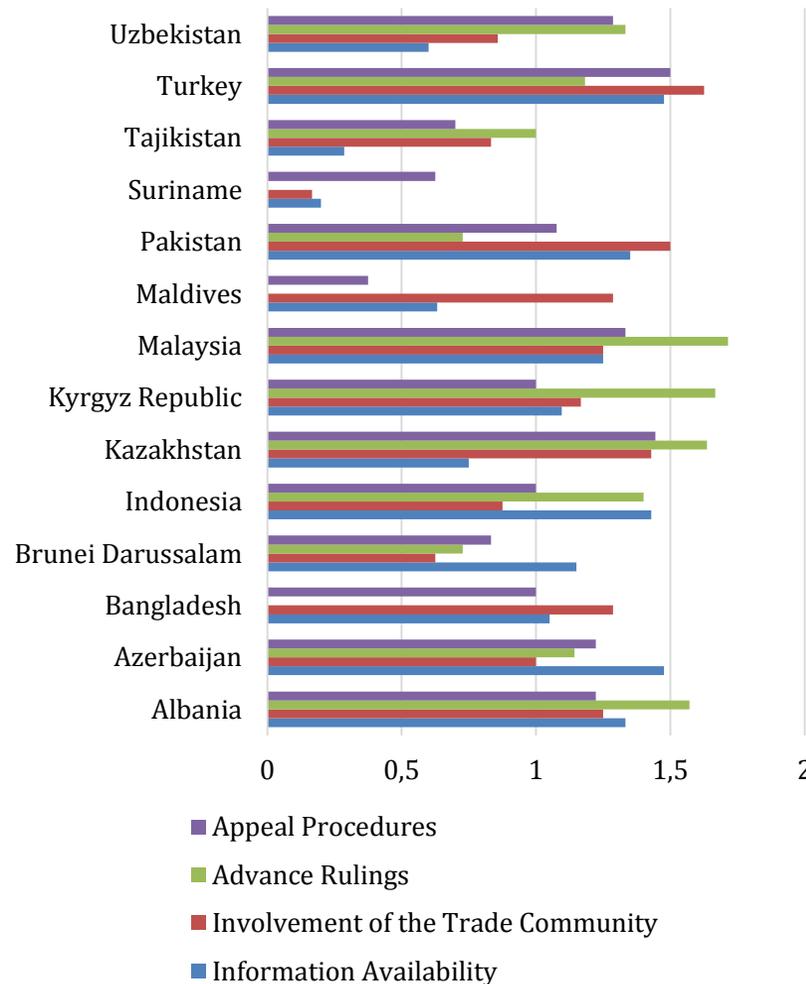
- ▶ Senegal, Nigeria, and Cameroon are strong performers within the African Group.
- ▶ Some countries like Uganda score well on particular aspects.
- ▶ General level is partial to limited implementation of key features.

3. Current State of Play in OIC Member Countries



- ▶ In the Arab Group, the general level of performance is partial implementation.
- ▶ UAE stands out as a relatively strong performer in all areas.
- ▶ Tunisia and Qatar, as well as Egypt, perform strongly on certain indicators.

3. Current State of Play in OIC Member Countries



- ▶ Turkey, Malaysia, and Indonesia, as well as some of the Central Asian countries, stand out as relatively strong performers.
- ▶ General level is partial implementation.
- ▶ Relatively stronger performance on advance rulings than other regional groups.

3. Current State of Play in OIC Member Countries

- ▶ Data review helps highlight examples of strong performance in each OIC regional group.
- ▶ Although average performance is well within the global best practice frontier, individual countries often perform much better.
- ▶ Similar picture emerges from the UNGS data.
- ▶ Considerable stock of knowledge and practice within the OIC, so there is the potential for sharing and exchange among members to improve public information availability.

3. Current State of Play in OIC Member Countries

- ▶ Regional and country experiences vary greatly with respect to public information availability.
- ▶ The African Group tends to have a lower level of performance than the other two groups, but the fastest rate of improvement over time.
- ▶ The Arab and Asian Groups each have a country—the UAE and Malaysia—where practice is approaching the global frontier.
 - ▶ Knowledge is a valuable asset for the OIC's membership.
- ▶ Performance on public information availability within the OIC is generally improving over time.
- ▶ Some risk that performance improvements are piecemeal rather than broad-based. Policymakers can improve the trading environment by shifting to a broader reform base.
- ▶ Particular areas in which further attention from policymakers is necessary include:
 - ▶ African Group: Publication of regulations, and advance publication, as well as appeal procedures, and advance rulings.
 - ▶ Arab Group: Advance rulings, and stakeholder consultations.
 - ▶ Asian Group: Advance publication, and establishment of NTFCs.

4. Conclusion

- ▶ Information costs are one source of trade costs that tend to reduce bilateral trade.
- ▶ Public information availability covers:
 - ▶ Publication of key rules, regulations, documents, and forms.
 - ▶ Involvement of trade community in the rule making process.
 - ▶ Prior publication of changes, and chance to comment.
 - ▶ Use of information technology.
 - ▶ Availability of appeal procedures.
 - ▶ Availability of advance rulings.
- ▶ Global data sources reflect performance in these areas.
- ▶ Core components are reflected in the TFA, and WCO instruments.

4. Conclusion

- ▶ Global best practice (e.g., Singapore) has already fully implemented most elements of the TFA regarding information availability.
- ▶ On average, performance in the OIC is at the level of partial implementation.
- ▶ But there is considerable variability across regions and countries.
- ▶ Strong performers in each region tend to have similar performance levels across components.
 - ▶ Broad-based not piecemeal reforms.
- ▶ Stock of knowledge within the OIC suggests the potential for exchange on best practice among members, and improvement of performance over time.