



# National Trade Facilitation Committees: Establishing NTFC and WTO TFA requirements

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APTTF 2015  
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# Institutional arrangements under Art 23 TFA

- Art 23 establishes institutional arrangements for the implementation of the TFA at the international and national level
- Art 23.1: Committee on Trade Facilitation
  - Established at the WTO for the purpose of “...affording Members the opportunity to consult on any matters related to the operation of this Agreement or the furtherance of its objectives”
- Art 23.2: National Committee on Trade Facilitation
  - Established at the national level with the objective “to facilitate both domestic coordination and implementation of provisions of this Agreement.”

# Art.23.2 of the TFA: National Committee on Trade Facilitation

- **WTO Members concluded negotiations on the TF Agreement in Bali**
- December 2013
  
- **To have a TF Committees has been made a 'binding obligation'**
- This obligation cannot be categorized as B or C
- Must be implemented upon entry into force of the TFA

*Art.23.2 - Each Member **shall** establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both **domestic coordination and implementation of provisions** of this Agreement. (emphasis added)*

## ‘Obligation’ ..... What it means? (1/2)

- ‘SHALL’..... makes it mandatory
- ‘Establish and/or Maintain’ implies either to:
  - Create new body, or
  - Maintain existing one, or
  - Designate an existing ministerial wing, setup, section to perform the functions
- Obligation to have in place a mechanism to perform required tasks
- NTFC responsibilities include (specified but not limited to) to facilitate:
  - Domestic Coordination (sharing information): G2G, G2B and B2G
  - Implementation of Provisions of TF Agreement
  - Not necessarily TF implementation Agency

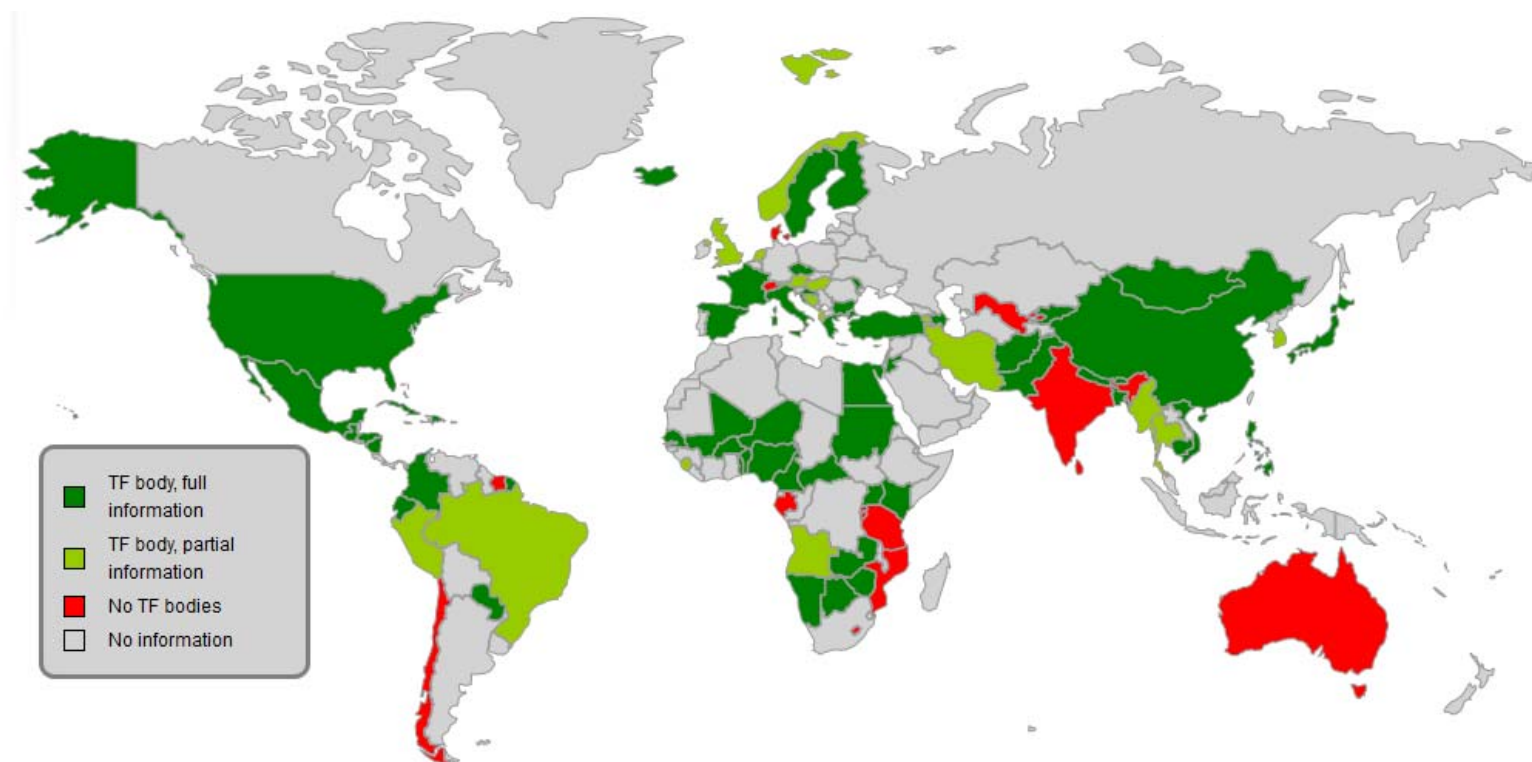
## 'Obligation' ..... What it means? (2/2)

- **Agreement is silent about**
- Structure & governance
- Funding and sustainability
- Membership and meeting frequency
- All these have been left to discretion of Members....
- Experience so far on these issues in different countries....can serve as best guidelines

# NTFCs around the World

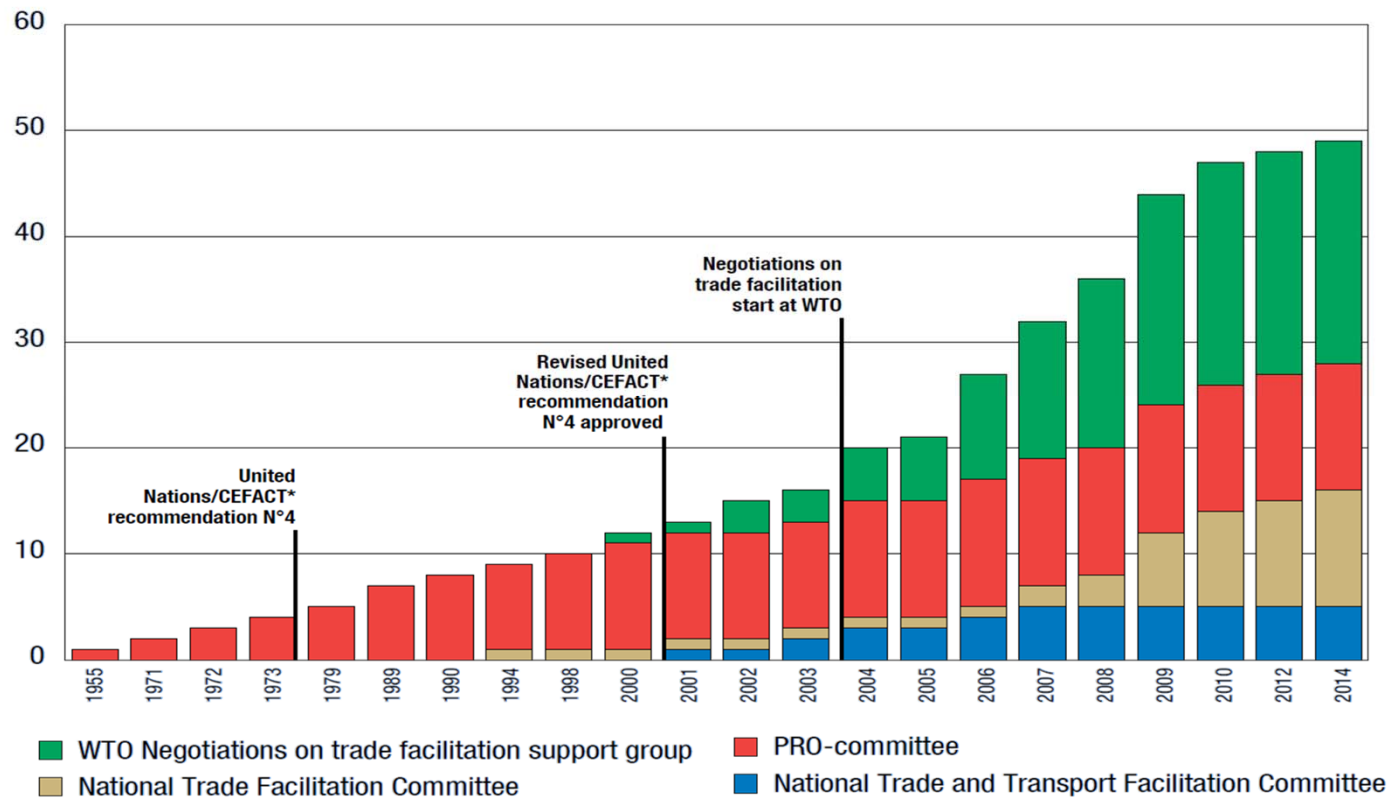
## Best practices and lessons to be learned

## UNCTAD provides information about Trade Facilitation Bodies around the world



Link to the repository: [www.unctad.org/TFcommittees](http://www.unctad.org/TFcommittees)

# Rising number of TF Committees



**Number of TF Committees would continue to rise...  
...to equal the number of WTO Members over time**

Source: UNCTAD study 2013



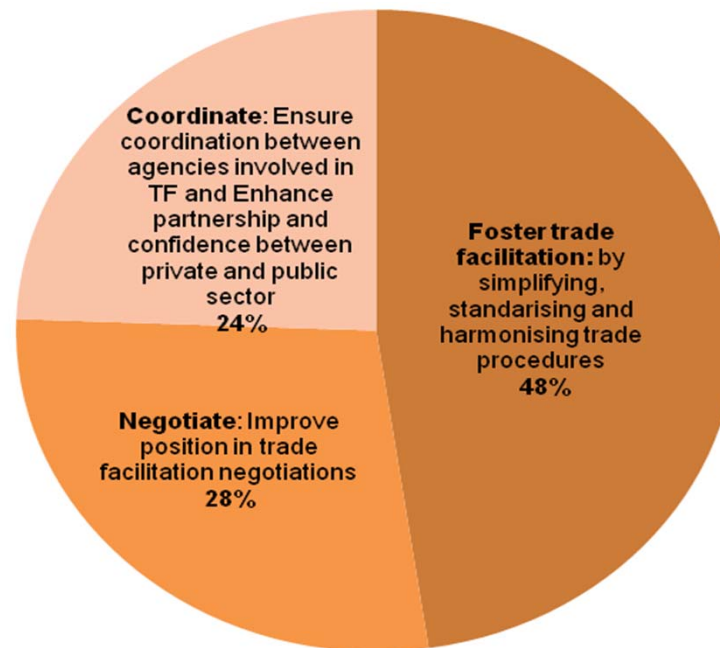
# Motivation to establish NTFC



# NTFC: Scope and mandate

## Overview of common practices

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NTFC Terms of Reference must include **to facilitate 'domestic coordination' and implementation of TFA**

Source: UNCTAD study 2013

## NTFC: Scope and mandate (2)

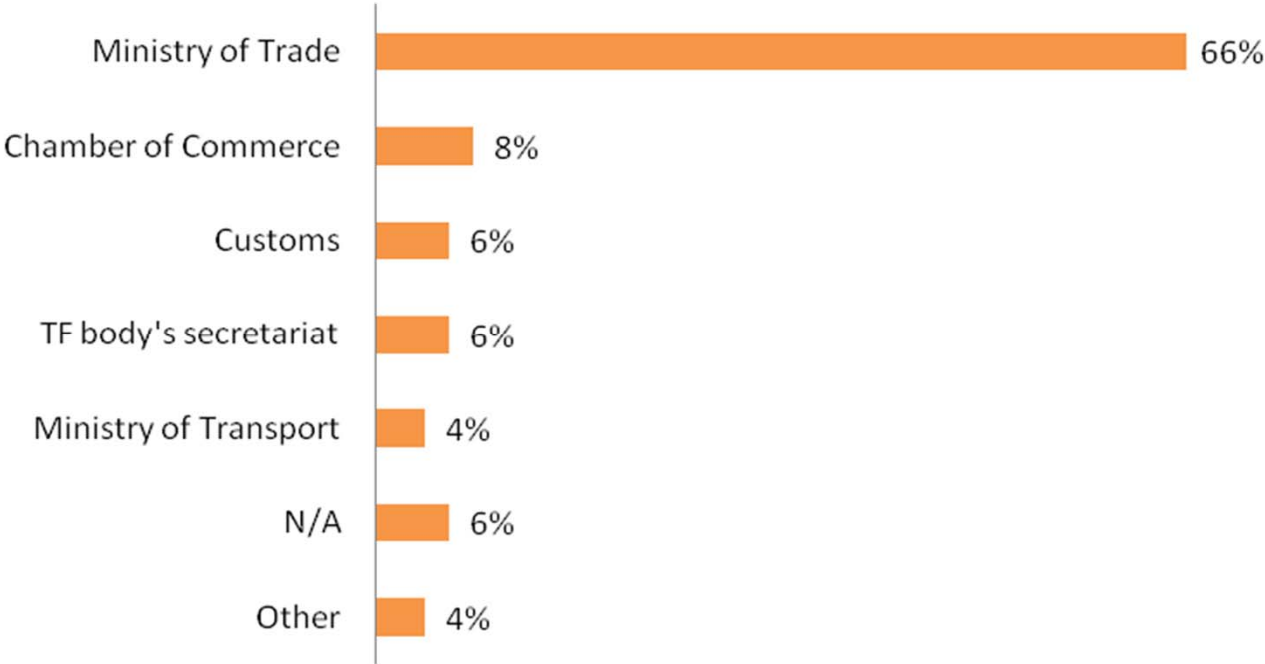
- Any NTFC **must include** in mandate to facilitate **'domestic coordination'** and **'implementation of TF Agreement'**
- It can continue to perform already mandated tasks....especially if existing mechanism is designated
- By virtue of facilitating implementation, other areas could also be included which make part of the TF Agreement
- NTFC can also be the most suited instrument for implementing Article 2 (Consultations)

# Role and participation of Ministries/Agencies

- Two recent surveys/studies
  - UNCTAD 2013 – broader approach
  - WCO 2014 – specifically looking at role of Customs

# UNCTAD Survey 2013 - Ministry of Trade is often the Coordinating Agency...

Overview of common practices



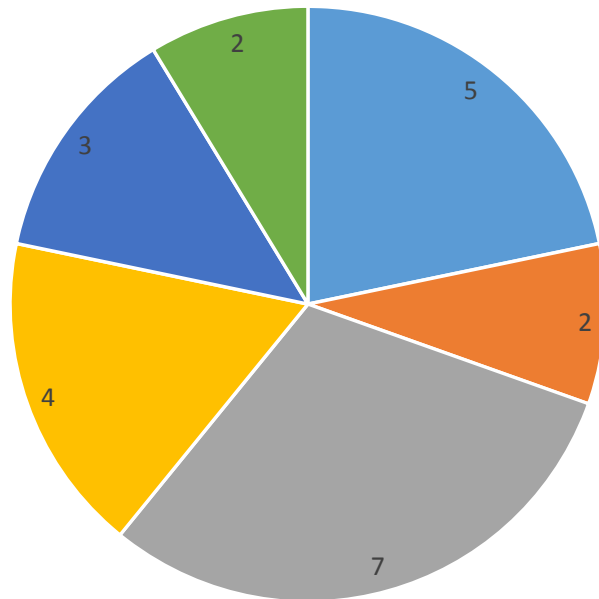
Source: UNCTAD study 2013

## WCO specific survey of Role of Customs in NTFCs

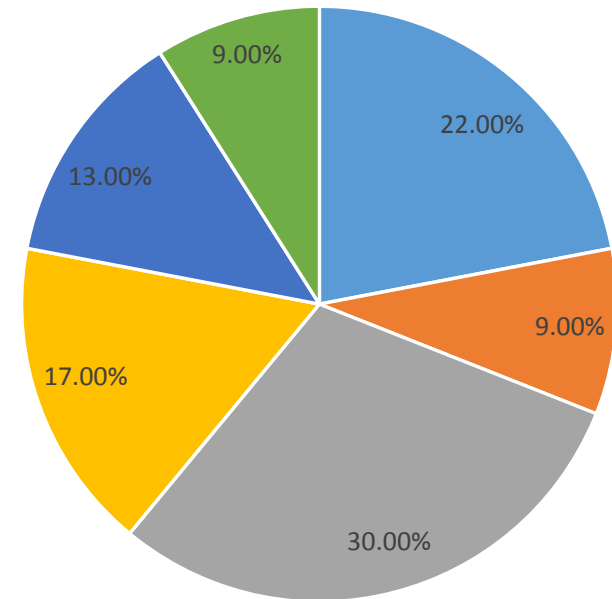
- WCO undertook a survey in 2015 to assess the role of Customs in NTFCs created or maintained for purposes of implementation of Art 23 TFA. A total of 23 member countries responded to have established an NTFC
  - Chair: 5 Members;
  - Co-Chair: 2 Members;
  - Vice-Chair: 7 Members;
  - Other leading role: 4 Members;
  - Member: 3 Members; and
  - Not defined yet: 2 Members.

# Role of Customs in NTFCs – WCO survey 2015

Source: WCO



■ Chair ■ Co Chair ■ Vice Chair ■ Other lead role ■ Member ■ Not yet def



■ Chair ■ Co Chair ■ Vice Chair ■ Other lead role ■ Member ■ Not yet def

# Structure and Governance of NTFCs

- 'Business like' approach
- Overseeing vs. Implementation
- Turf issues – departmental influence
- Permanent secretariat
- Coordinating agency and secretariat
- Right mix of 'regulators' and 'actors'
- BoD, Management Committee and Working Groups
- Chair principal link between committee and government .... can be head of lead TF implementation agency



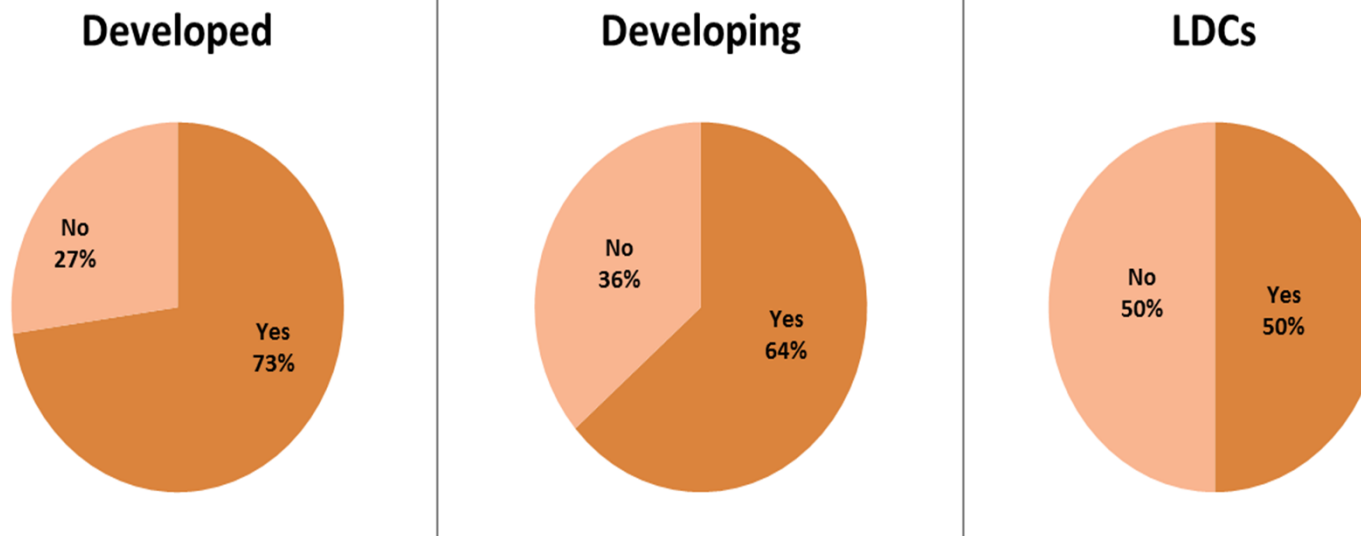
# Ensure political will and commitment

- It brings credibility and status
- Authority vs. Availability
- Necessary for its establishment, to operate and for its effectiveness
- For establishment there is...'obligation'...
- But for **operations and effectiveness** ... still required

# In a majority of cases, NTFCs maintain a permanent secretariat

## Overview of common practices

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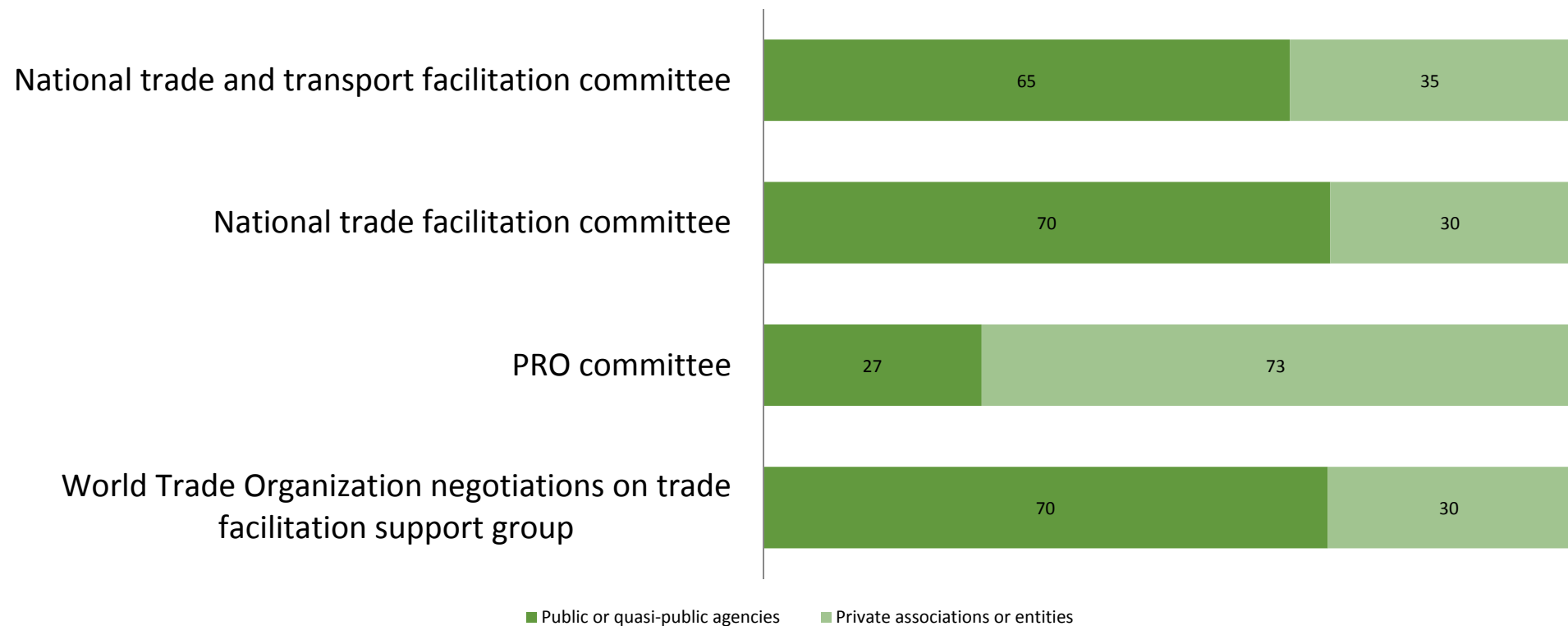


Source: UNCTAD study 2013

# Role of the Private Sector (Business)

- Private sector has an important role to play
- Public/Private sector cooperation is an inherent function of any NTFC
- To make sure that NTFC agenda meets requirements of traders
- Reality check for NTFC
- Specifically depends on the type of NTFC created
  - Pro-Committee type
  - Broad NTFC or NTTFC
  - Specific NTFC for purposes of meeting obligations of Art 23.2 TFA

# Proportion of public to private organizations according to type of facilitation body (Percentage)



# Ensure political will and commitment

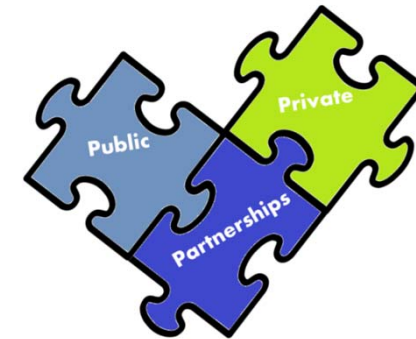
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# Structure and Governance

- 'Business like' approach
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- Permanent secretariat
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- Right mix of 'regulators' and 'actors'
- BoD, Management Committee and Working Groups
- Chair principal link between committee and government .... can be head of lead TF implementation agency
- Alternate between Public and Private sector

# Funding and Sustainability

- The 'rebuttable presumption' is that Governments would fund the TFCs on a sustainable basis in future to meet their obligation
- Core costs: salaries, office accommodation and operational expenses and non-core costs
- PPP model can be the most efficient and assuring
- Office accommodation by private sector and operational expenses by government
- Option of 'seed money' through some donor funded project and some recovery by 'priced services'



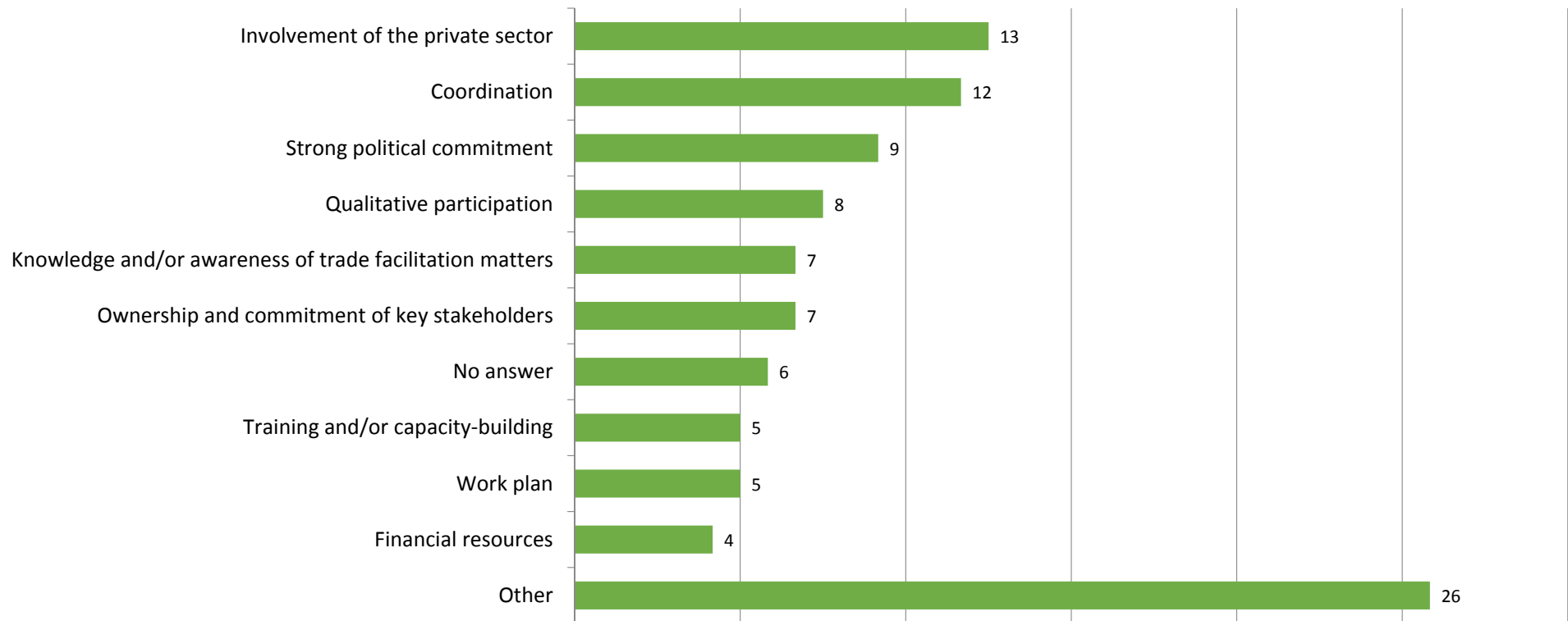
# Outputs and impacts of trade facilitation bodies

(Percentage)





# Success factors of TF bodies (Percentage)



# Main obstacles faced by trade facilitation bodies

(Percentage)



# Creating a NTFC

# Streamlining institutional infrastructure

- Clear national interest to establish and sustain a NTFC as engine for TF
- Additionally, various international/regional agreements call for the creation of implementation organs or facilitation committees
  - Situation will differ from country to country
  - Coordination of institutions and their mandates is necessary to avoid duplication

# NTFC arrangements

- Establishing the NTFC
- Organization of the NTFC
- Functions and Work Programme of the NTFC
- Secretariat
- Ensuring Sustainability

# Creating the NTFC

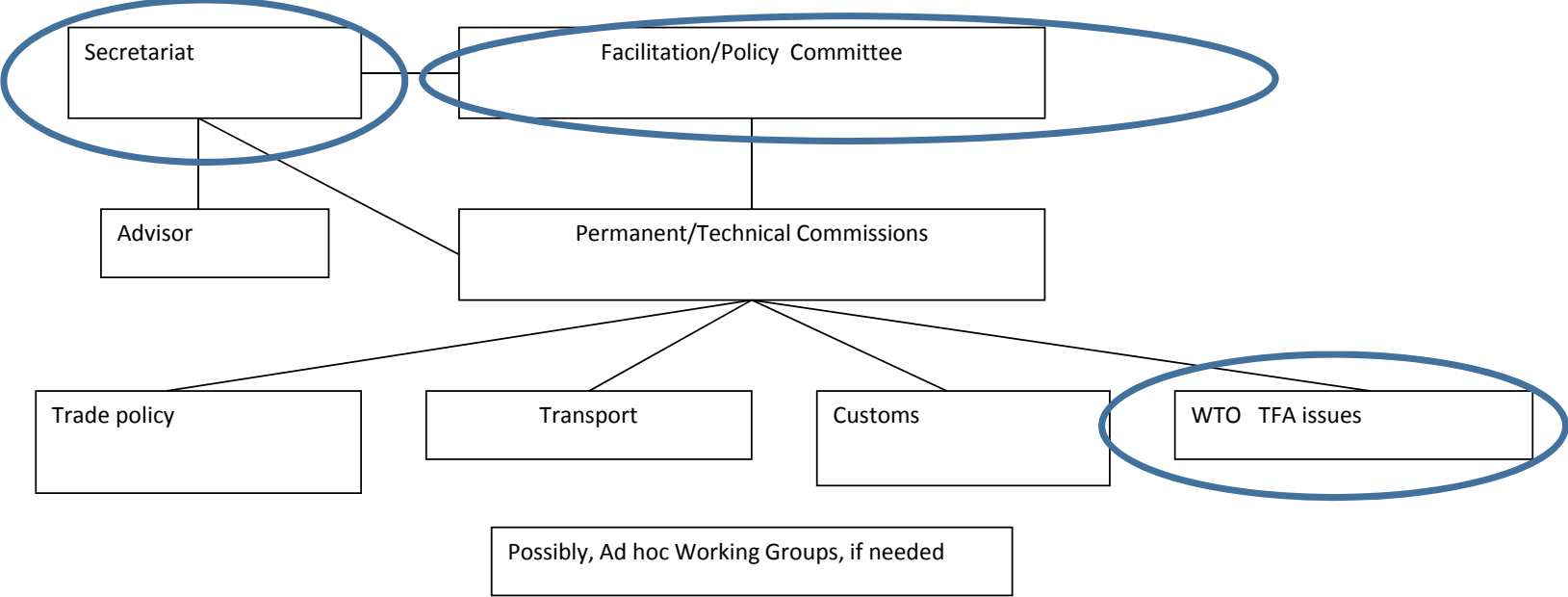
- Type of NTFC will depend on roles and functions
  - TFA implementation as called for in Art 23
    - Inter-ministerial coordination
    - Public-Private sector cooperation
- Who is to lead the process?
  - Various possibilities, most likely either Ministry of Commerce or Ministry of Finance/Customs
  - MoF/Customs participation indispensable reflecting the predominance of Customs in implementing TFA provisions
  - Role and functions of other Ministries/organizations to be decided in the process of establishment

# Creating the NTFC – A phased approach

- Most immediate requirement implementing the TFA provisions of Art.23.2
- Check possibility of a phased approach starting with a “light” institutional set up, such as a “TFA Task Force” that can gradually develop into a comprehensive NTFC
- Enabling the “NTFC” to gain credibility and to determine overall structures in light of developing needs and requirements of traders and trade regulating agencies

# A possible organizational chart

- Organigram for the NTFC





# Who should lead the NTFC 1/2

- There are **TWO** important bodies:
  - the National Committee; and
  - the Permanent Commissions.
- **Customs and Min Commerce** play an important role in both and would have political **leadership** as well as substantive role in foreign trade transactions to assume lead
- **Other Government authorities** closely concerned:
  - Ministry of Transport,
  - Ministry of Health,
  - etc

# Who should lead the NTTFC 2/2

- **Suggestion for National Committee**
  - Lead at ministerial/vice ministerial level
  - MoCommerce or Finance
    - Nature of the Committee impact on leadership (Policy Committee)
  - View possibility of rotating chairmanship
- **Permanent Commissions**
  - Chairmanship based on substantive coverage
  - Lead at DG/Director level

## Key Partners in International Trade and Transport – Possible Membership in the NTFC

### Public sector

- Commerce/Trade
  - Ministry of Industry and Trade
  - Foreign Trade Agencies.
- Finance
  - Ministry of Finance
  - General Department of Customs
  - (Banking & Insurance supervisors)
- Transport
  - Ministry of Transport
  - Local gov't/Infrastructure providers
  - (Parastatal companies)
- Plant/Animal Health/Food safety
  - Ministry of Health
  - Ministry of Agriculture and Rural Development
- Police, Immigration

### Private/Business sector

- Commerce
  - VCCI
  - IMP/EXP associations
  - Banking & Insurance associations
- Finances
  - Prof. associations
  - Customs agents
- Transport/Logistics
  - Prof. associations
  - Operators, agents associations
- Specialized trade
  - Trade associations

# The Secretariat

- Provision of Secretariat services indispensable
- The professional experience should be mainly in Customs and to some extent in trade, transportation as the main areas of facilitation work
- Training requirements to be established
- Independent or incorporated in Ministry/Government Agency
- For developing countries realistic that the public sector – possibly through Customs - provides base facilities and resources (both staffing and financial)
  - Possible role of private sector (e.g. Chamber of Commerce) in this process to be clarified

# Specific tasks of the Secretariat 1/3

- Support to the “Facilitation Committee”
  - Preparing and organizing meetings
  - Establishing substantive agenda
  - Preparing and disseminating meeting documentation
  - Preparing and facilitating decision making
  - Reporting on meetings
  - Disseminating results
  - Following up implementation of decisions.
  - Institutional promotion of the NTFC.

# Specific tasks of the Secretariat 2/3

- Support to the “Permanent/Technical Commissions”
  - Preparing and organizing meetings
  - Establishing substantive agenda
  - Preparing and disseminating meeting documentation
  - Preparing and facilitating decision making
  - Reporting on meetings
  - Disseminating results

## Specific tasks of the Secretariat 3/3

- Supporting the advancement of the trade and transport facilitation agenda
  - Identifying national trade and transport facilitation needs and requirements for consideration by the NTTFC
  - Following and reporting on international facilitation developments and best practices
- Preparing reports on specific trade and transport practices and possible facilitation solutions
- Prepare and Back-up submissions to the WTO TF Committee

# Sustainability of the NTFC

- Financial sustainability
  - **start up funding**
    - one being purely domestic governmental funding (probably MoIT or MoF/Customs)
    - a combination of domestic and external assistance funding particularly useful as it addressed not only the need for start up funding, but also the issue of technical support improving organizational and substantive credibility
  - **sustainable base funding**
    - Again, resorting to grant funding may provide for a solution to overcome particular operational bottlenecks and serve as seed funding for achieving long term sustainability. Access to funds with specific purposes attached may provide more and longer term funding security than simple resorting to general government support budgets
  - **additional activity related funding**
    - Supplementary auto financing, i.e. the provision of services against remuneration to members and/or non members of the NTFC.



# The need for a Work Plan

- Informal grouping of concerned parties.
- Elaboration of terms of reference for:
  - the National/Policy Committee;
  - the Permanent/Technical Commission; and
  - the Technical Secretariat.
- Constitution of the Committee:
  - Formal constitution (decree); or
  - Informal constitution (association?).

# A possible work plan

- Identification of priority areas to be analyzed.
  - Importance of TFA in determining priority areas
- Distribution of tasks among participating institutions.
- Chronogramme of activities.

Thank you for your attention