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FA's Mutual Recognition Mechanism

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MR in FA

- Three components of MR mechanism under FA Article 8
 - Mandatory MR
 - Criteria for MR developed through institutional arrangement
 - Substantially equivalent level of reliability
 - Operational arrangement
 - E.g. Member States bilateral or multilateral agreements

Development of MR Criteria

- **Objective: agreement on MR criteria**
 - A substantially equivalent level of reliability
- **Methodology: taking into account of international legal instruments and standards**
- **By whom: Member States**
- **Where: PC and SC**
- **How: adopting protocols or other instruments**
- **On what: contents, scope of application, implementation**

MR Criteria

- A substantially equivalent level of reliability
 - **Principles**
 - **Functional equivalence non-discrimination, tech neutrality; interoperability; improving compliance; PPP and trust**
 - **International standards**
 - **WCO, UNCEFACT**
 - **Elements for consideration**
 - **Efficiency, certainty, fairness, costs, security and stability, right protection, representation and accountability**
 - **Periodical review and updates**

MR Operation

- **Operational issues**
 - Cross-border communications of trade-related data and documents in electronic form
 - **Technical settings and specifications**
 - **Operators**
- **Operational models**
 - **Centralized**
 - **Consensus-based, system, compliance and dispute resolution**
 - **Distributive model**

Distributive Operation

- **MSeS operational arrangements**
 - **Options: bilateral or multilateral**
- **Institutional roles**
 - **Whether to have institutional review?**
 - **Substance**
 - **Not to intervene daily operation**
 - **Formality**
 - **How to keep operational consistency?**
 - **Principles**
 - **Criteria**
 - **Harmonization**

Distributive Operation

- **institutional roles**
 - Capacity building,
 - Building enabling domestic environment,
 - Template for operational arrangements,
 - Sharing best-practice,
 - General policy recommendations

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Thanks!