



Trade Facilitation

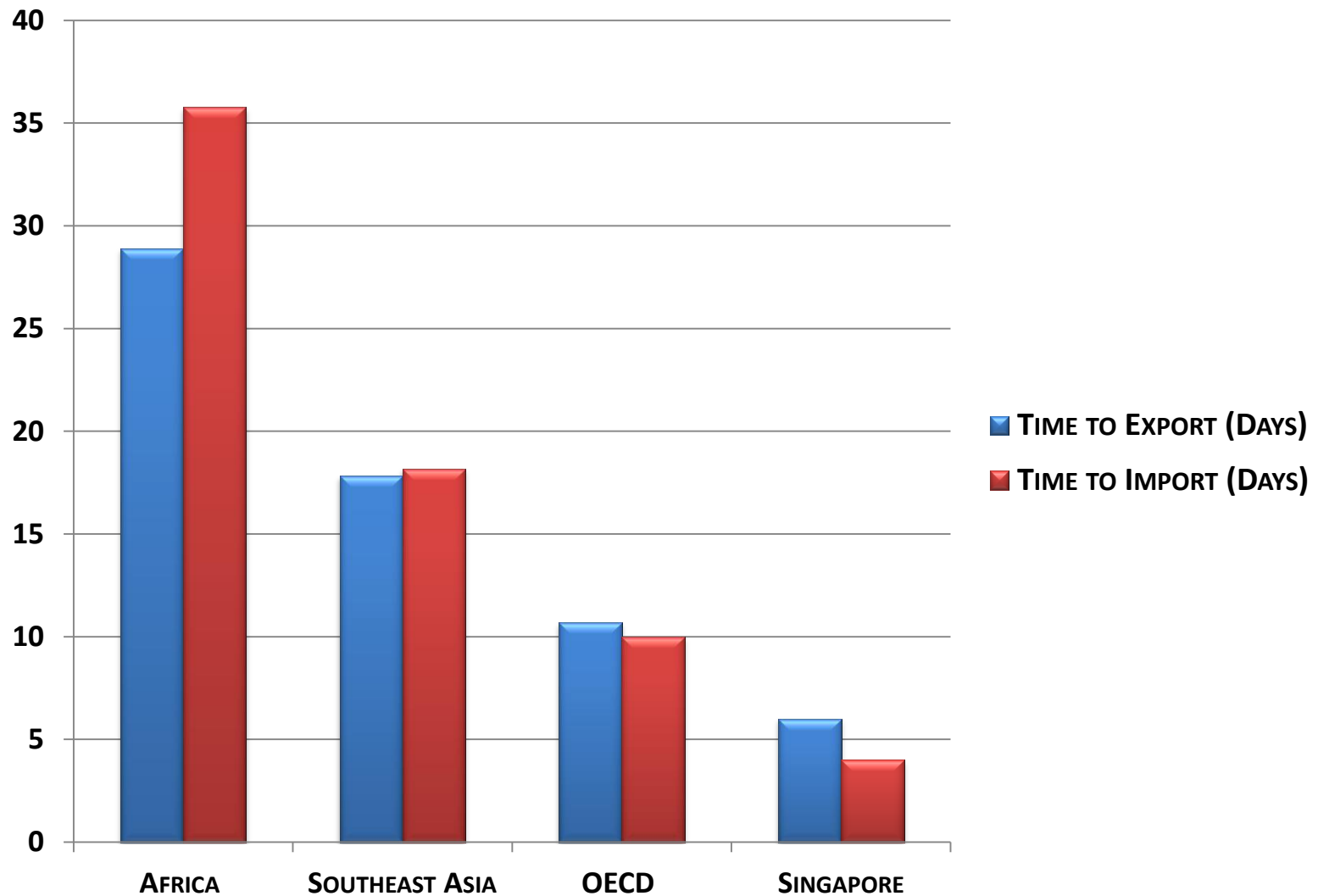


Outline

- I. New WTO Trade Facilitation Agreement (TFA)
 - Background
 - Structure
 - Next steps
- II. Linkages with SPS/TBT Agreements
- III. Overview of STDF work on Facilitating *Safe* Trade

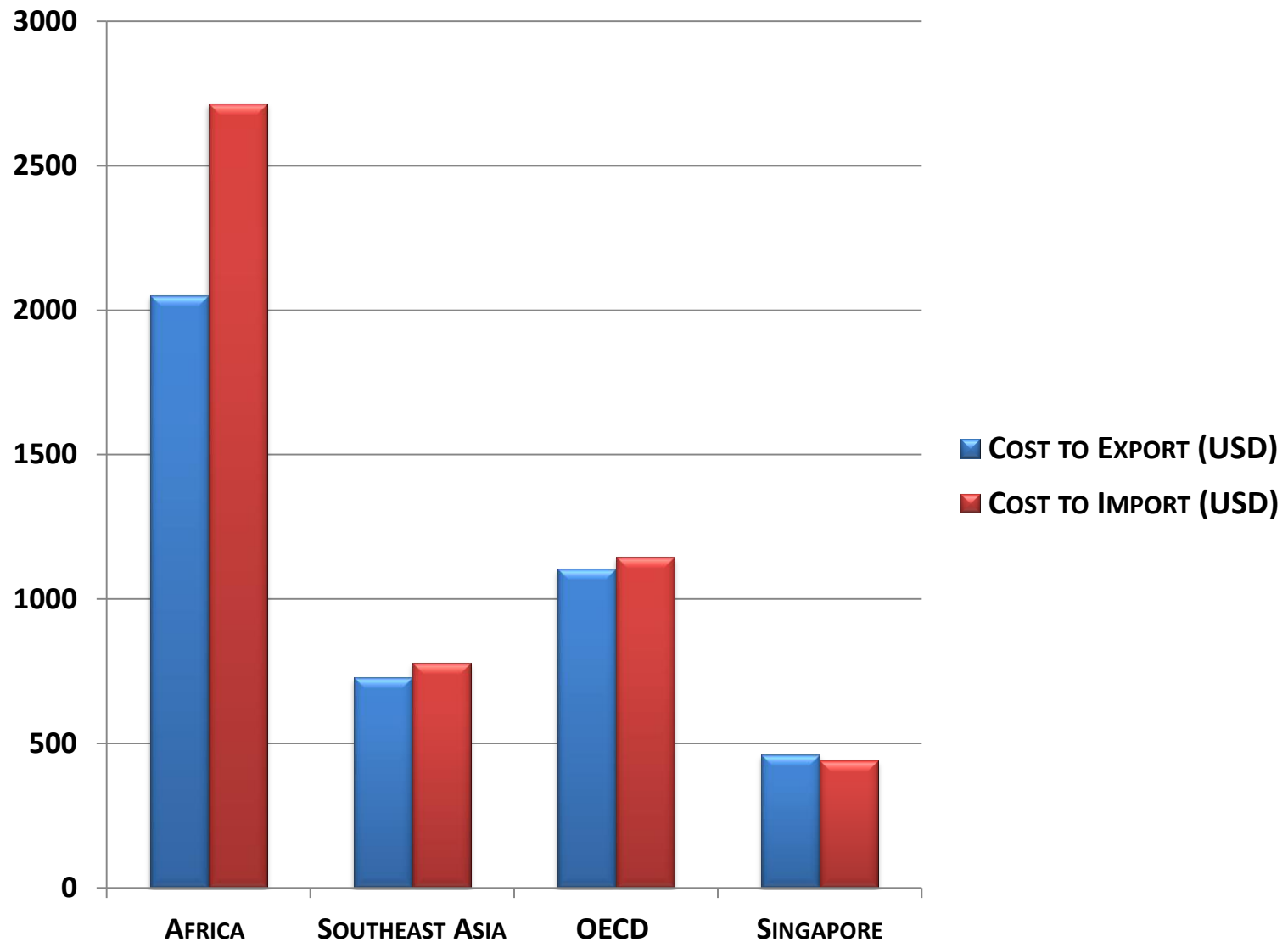


Time to Export/Import





Costs to Export/Import





Sources of Delay/Costs



- Infrastructure
- Technology
- **Border procedures, processes, controls**
- **Document and information requirements**
- Fees and charges

Why does it matter?



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



- ✓ Companies sometimes spend more money complying with customs regulations than the amount earned in revenue by Customs

Estimated benefits

1% decrease in global trade costs would yield an increased global income of USD 40 billion at a minimum.

OECD Trade Policy Working Paper, No. 118, 2011

Up to two-thirds of the total gains to be obtained by developing countries.

OECD TD/TC/WP(2003)31/FINAL

Reduction of total trade costs of
14.5% for low income,
15% for lower-middle income, and
13.2% for upper-middle income countries

OECD Trade Policy Working Paper, No. 144, 2013



A wide-angle photograph of a large, modern conference hall. Numerous people are seated at long, dark wooden tables arranged in a semi-circular pattern. The room has high ceilings with large windows on the upper level, letting in natural light. The walls are a mix of wood paneling and light-colored concrete. The overall atmosphere is professional and formal.

But why TF at the WTO?

- ✓ **Common rules for 161 WTO Members**
- ✓ **Enforcement through dispute settlement**
- ✓ **Pre-existing provisions with basic rules
(in particular Articles V, VIII, and X)**



Objectives



- **Expedite movement, release & clearance of goods, including goods in transit**
- **Improve cooperation between customs/other authorities**
- **Enhance technical assistance and build capacity**

TFA structure



Section I

The TFA contains 12 Articles with approximately 40 “technical measures”



Section II

Special provisions for developing and least-developed country Members



Section III

Final provisions and institutional arrangements



Section I

The trade facilitation Agreement contains 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



Article 1: Publication & Availability of Information

1. Publication
2. Information available through Internet
3. Enquiry Points
4. Notification



Article 7:

Release & clearance of goods (1)



1.

**Pre-arrival
processing**



2.

**Electronic
payment**



3.

**Separation of
release from
final
determination**



4.

**Risk
Management**

Article 7:

Release & clearance of goods (2)



5.

**Post-
clearance
audit**



6.

**Average
release time**



7.

**Trade
Facilitation
Measures for
Authorized
Operators**



8.

**Expedited
Shipments**

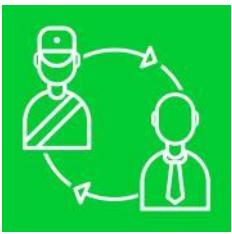


9.

**Perishable
Goods**

Articles 8:

Border Agency Cooperation



Encourage all 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

Section II

Special provisions for developing and least-developed country Members



Category A

Developing: To be implemented at the time the TFA enters into force

LDCs: To be implemented within one year after the TFA enters into force



Category B

To be implemented after a transitional period following the entry into force of the TFA



Category C

To be implemented after a transitional period and requiring the acquisition of assistance and support for capacity building



Section III

Final provisions and institutional arrangements



Article 23

1. Committee on TF:

It will oversee the implementation of the TFA

2. National Committee:

Each Member shall establish (or maintain) a national committee



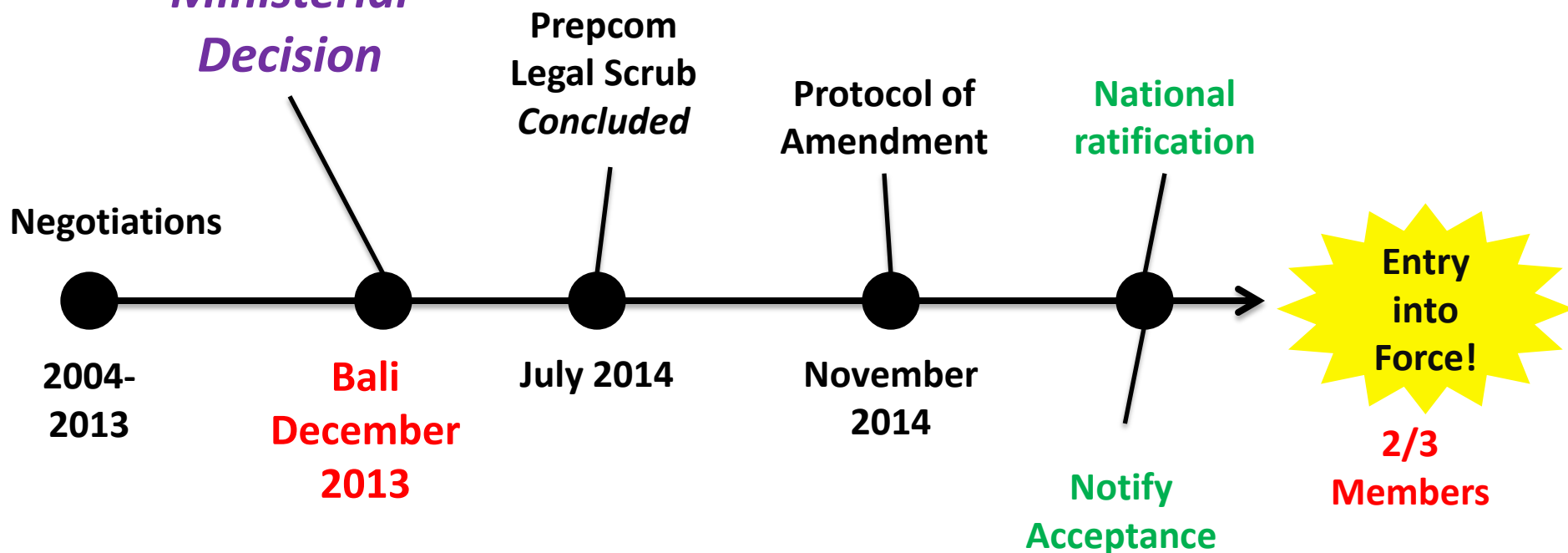


WTO Trade Facilitation Negotiations

Current Status

***Negotiations
CONCLUDED***

***Ministerial
Decision***




How many acceptances have been received?


Thus far...



WWW.TFAFACILITY.ORG



WORLD TRADE ORGANIZATION



Trade Facilitation Agreement Facility

ENGLISH | FRANÇAIS | ESPAÑOL

[About the Facility](#)

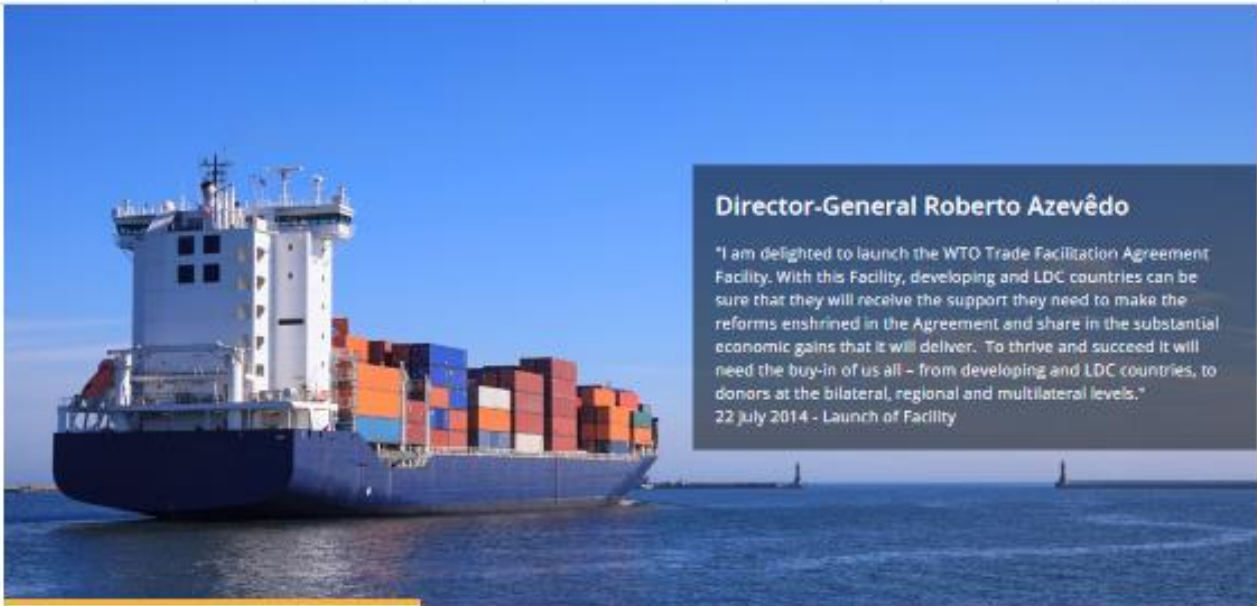
[The Trade Facilitation Agreement](#)

[Implementation Support](#)

[Beneficiaries](#)

[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 countries 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. To thrive and succeed it will need the buy-in of us all – from developing and LDC countries, to donors at the bilateral, regional and multilateral levels."

22 July 2014 - Launch of Facility


Director-General Roberto Azevêdo



Check the implementation progress



The latest news from our members





Linkages with the SPS and TBT Agreements

SPS/TBT Agreements

Members' right to regulate...

allowing Members to
protect health /
fulfill legitimate
objectives
at levels they
consider appropriate



...trade facilitation

avoiding
discrimination and
unnecessary obstacles
to international trade

The SPS & TBT Agreements cover...

TBT: Standards, technical regulations, conformity assessment procedures

- ✓ sampling, testing, inspection
- ✓ evaluation, verification, assurance of conformity
- ✓ registration
- ✓ accreditation
- ✓ approval ...



SPS: All types of measures

- ✓ end product criteria
- ✓ processing methods
- ✓ quarantine measures
- ✓ certification
- ✓ inspection
- ✓ testing
- ✓ sampling ...

...some also covered under TFA

Enforcement/implementation of **SPS measures**



- Members required to avoid unnecessary trade disruption and transaction costs for traders when performing control, inspection and approval procedures
 - no undue delays;
 - information requirements limited to what is necessary;
 - non-discriminatory fees (not higher than actual cost of service),
 - non-discrimination in siting of facilities and selection of samples;
 - procedure to review complaints, take corrective action, etc.

SPS Annex C closely linked to TF

SPS Agreement

International standards

For example, relevant Codex standards include:

- Principles for Food Import and Export Inspection and Certification (CAC/GL 20-1995)
- Guidelines for the Exchange of Information between Countries on Rejections of Imported Foods (CAC/GL 25-1997)
- General Guidelines on Sampling (CAC/GL 50-2004)
- Recommended Methods of Sampling for the Determination of Pesticide Residues for Compliance with MRLs (CAC/GL 33-1999)

Important to involve standard-setting bodies in TF work



TBT Agreement: Conformity assessment procedures

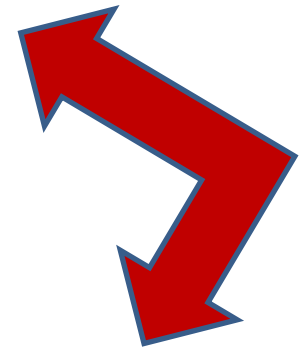
- Complete as expeditiously as possible
- Publish standard processing period
- Limit info requirements
- Impose equitable fees
- Avoid unnecessary inconvenience from siting of facilities, selection of samples
- Offer procedure to review complaints
- Use international standards
- Notify / publish



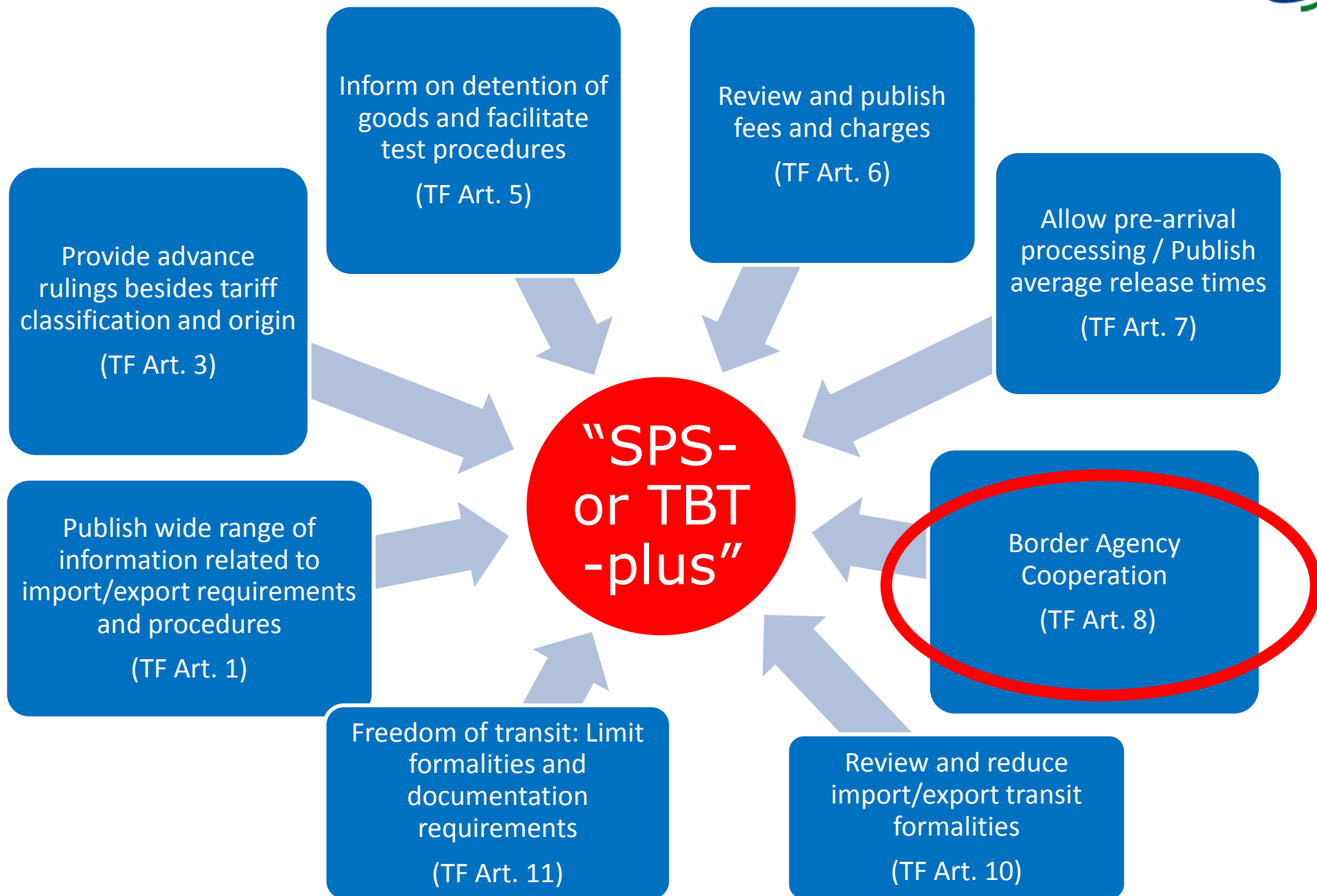
TFA Final Provisions: paragraph 6

“nothing in this Agreement shall be construed as diminishing the rights and obligations of Members under the TBT and SPS Agreements.”

BUT.....



some TRA provisions may be "SPS-plus" or "TBT-plus"
adding obligations going beyond SPS & TBT Agreements





Considerations for implementation

- awareness of SPS/TBT/customs officials regarding rights/obligations under all relevant WTO Agreements; need for coordinated approaches, systems
- involvement of SPS & TBT officials in TF needs assessments; opportunity for SPS & TBT entities to benefit from increased funding opportunities
- national SPS, TBT and TF committees/bodies, Enquiry Points need to communicate, have contact points in each other's structures
- TA providers in SPS/TBT/TF areas need to have familiarity with all three topics

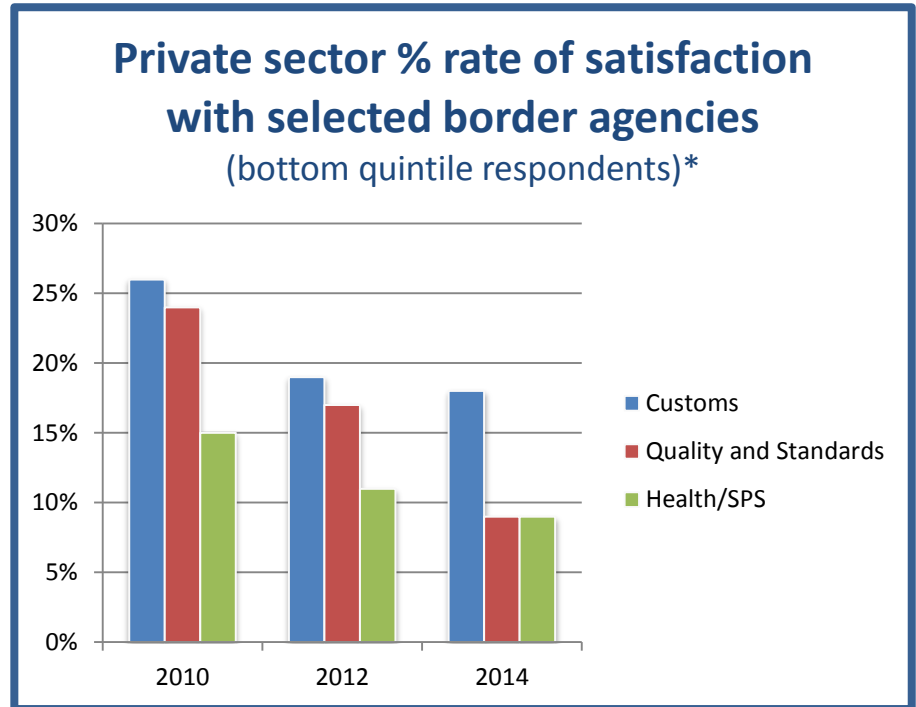




Implementing SPS measures to facilitate *safe* trade

Context

- Trade costs in agriculture much higher than in manufacturing, affecting competitiveness (WB, AfT at Glance - 2015)
- Outdated border procedures and red tape greater barrier to trade than tariffs (WB, ITC, etc.)
- Performance gap between health/SPS agencies and others
- Lower performing countries:
 - Much more physical inspection
 - Longer import / export lead times



Source: World Bank Logistics Performance Index

Research in Southeast Asia and Southern Africa: How are SPS measures implemented in practice?

- Focus on SPS controls for specific products (Article 8 / Annex C of SPS Agreement)
- Are there transaction costs that can be reduced without compromising health objectives?
- What are good practices to ensure health protection, while minimizing transaction costs?
- No direct link to WTO TFA – but opportunity to enhance dialogue and leverage additional funds to improve SPS border management

Examples of SPS-related procedural obstacles to trade

Challenges

- Complex and lengthy procedures
- Excessive document requirements
- Limited information
- Multiple inspections
- Little coordination between border agencies
- No complaints / appeal procedures
- Arbitrariness, unpredictability

Consequences

- More controls than justifiable
- Longer than necessary waiting times
- Uncertainty
- Increased costs for traders, sometimes also for government

Key findings of STDF research

- SPS measures may result in *justifiable* transaction costs based on the need to protect health
- Sometimes, ineffective and inefficient SPS controls result in poor health protection – and disrupt trade more than necessary
- Opportunities to enhance health protection and reduce costs (win-win) through better implementation of SPS Agreement:
 - Streamline / simplify regulations
 - Implement risk-based approaches
 - Improve transparency
 - Increase harmonization with international (Codex, IPPC, OIE) standards
 - Improve coordination among SPS agencies and with Customs

High-level panel during AfT Global Review (Geneva, July 2015)*

- How can robust, science- and risk-based SPS controls be married with trade facilitation?
- Is it possible to effectively ensure health protection, while reducing SPS trade costs? How?



New STDF Film: Safe Trade Solutions*

What are Chile, Peru and Colombia doing to enhance health protection and speed up trade?

- Better coordination between SPS agencies and with Customs
- Streamlined and risk-based controls
- Joint inspections
- More transparency
- Integrating SPS controls in national single windows

