



International
Trade
Centre

TRADE IMPACT
FOR GOOD

Introducing the WTO Trade Facilitation Agreement (TFA) and its implementation in the Asia-Pacific region

August 2020

Dr. Mohammad Saeed
Senior Trade Facilitation Officer
Trade Facilitation and Policy for Business
International Trade Centre (ITC)

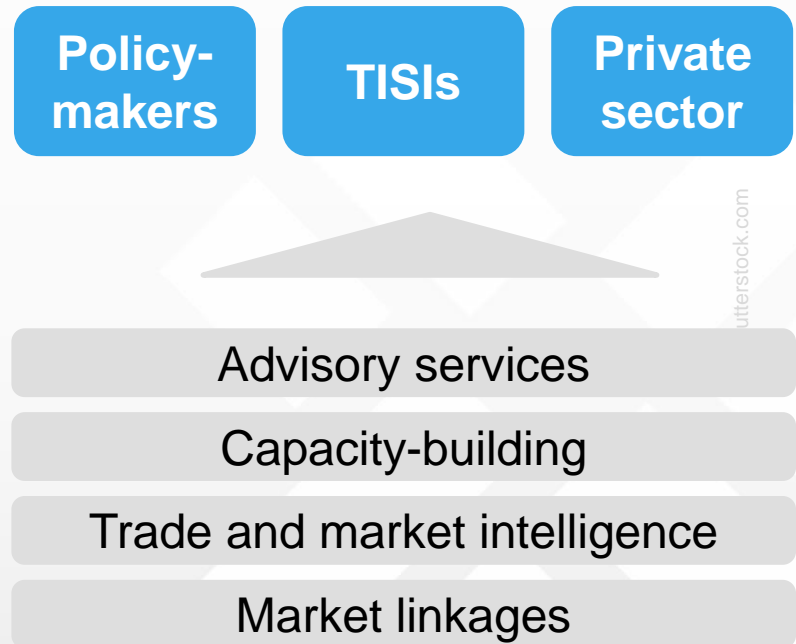


ITC helps businesses to trade

Joint agency of the UN and WTO



Fully dedicated to support the internationalization of SMEs



TRADE IMPACT FOR GOOD

- 1 Introducing trade facilitation and the WTO Trade Facilitation Agreement (TFA)
- 2 Facilitating implementation of the TFA: an overview of the special and differential treatment (S&DT) provisions
- 3 The pivotal role of the private sector in trade facilitation policy-making
- 4 State of play of TFA implementation by WTO Asia-Pacific members

- 1 Introducing trade facilitation and the WTO Trade Facilitation Agreement (TFA)
- 2 Facilitating implementation of the TFA: an overview of the special and differential treatment (S&DT) provisions
- 3 The pivotal role of the private sector in trade facilitation policy-making
- 4 State of play of TFA implementation by WTO Asia-Pacific members

Trade facilitation is...

Transparency and efficiency in international trade supply chain with the objective to **reduce time and costs of cross-border procedures through:**

- Simplification,
- Standardisation,
- Harmonisation and
- Modernisation

An ongoing and multi-agency function

Better achieved through collaboration between public and private sector

Broad trade facilitation definition encompasses the “whole-of-supply chain” in its entirety

In its broader sense, trade facilitation involves all operations and all stakeholders from buyer to seller



However, the WTO Trade Facilitation Agreement focuses on regulatory procedures



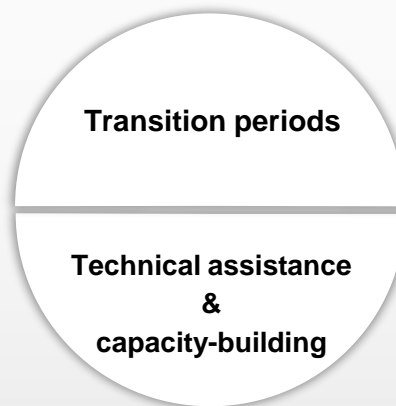
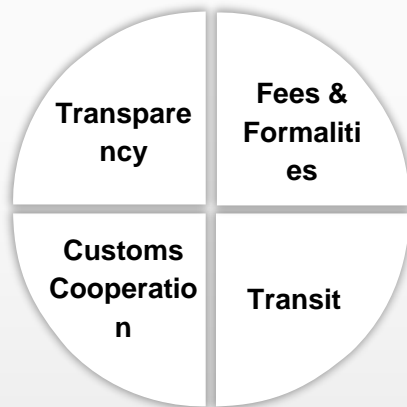
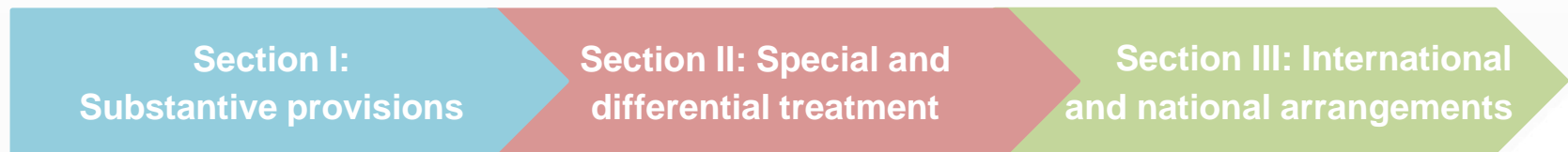
The TFA goes a step further than previous trade facilitation international tools

Different international tools on trade facilitation

| TFA | Revised Kyoto Convention (RKC) | SAFE Framework |
|--|--|---|
| Legally binding and enforceable for all WTO Members | Binding only if contracting parties accept Body and General Annex to RKC | Not binding (standards and recommendations) |
| Accommodates border agency cooperation and involvement of private sector | Customs-centric measures | Focuses on supply chain security measures |
| Special and differential treatment (S&DT) | Ø | Ø |

The WTO TFA is made up of three sections

The TFA creates a legal obligation for WTO Members to reform their border procedures. **Developing countries and LDCs can self-define the modalities for implementing the TFA** (i.e. timing, technical assistance needs, etc.).



How the TFA reduces time and cost of cross-border trade

By providing equal and unfettered access to relevant information

By providing mechanisms that ensure fairness and non-discrimination



By reviewing, simplifying and modernizing formalities and administrative procedures

By improving inter-agency cooperation

Impact on international trade

- 50% reduction in trade delays
- 15% reduction in trade costs
- 1 trillion US\$ increase in merchandise exports per year



- 1 Introducing trade facilitation and the WTO Trade Facilitation Agreement (TFA)
- 2 Facilitating implementation of the TFA: an overview of the special and differential treatment (S&DT) provisions**
- 3 The pivotal role of the private sector in trade facilitation policy-making
- 4 State of play of TFA implementation by WTO Asia-Pacific members

Unique special and differential treatment (S&DT) provisions enshrined in the TFA

Developing countries and LDCs having favourable treatment as compared to developed countries is an '**integral part**' of the TFA

Timing of each category to be decided by individual country



Self-designation of provisions into category A, B & C (Category C implementation linked with acquisition of capacity-building)



No infrastructure development requirements mentioned in TFA



LDCs only required to undertake commitments consistent with their individual development, financial and trade needs or their institutional capabilities

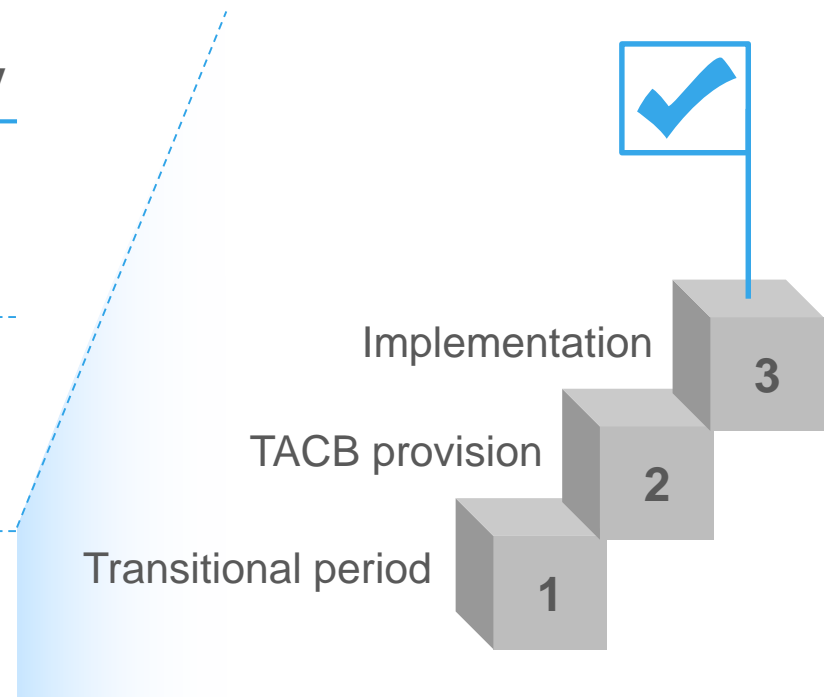


Timing and extent of commitments

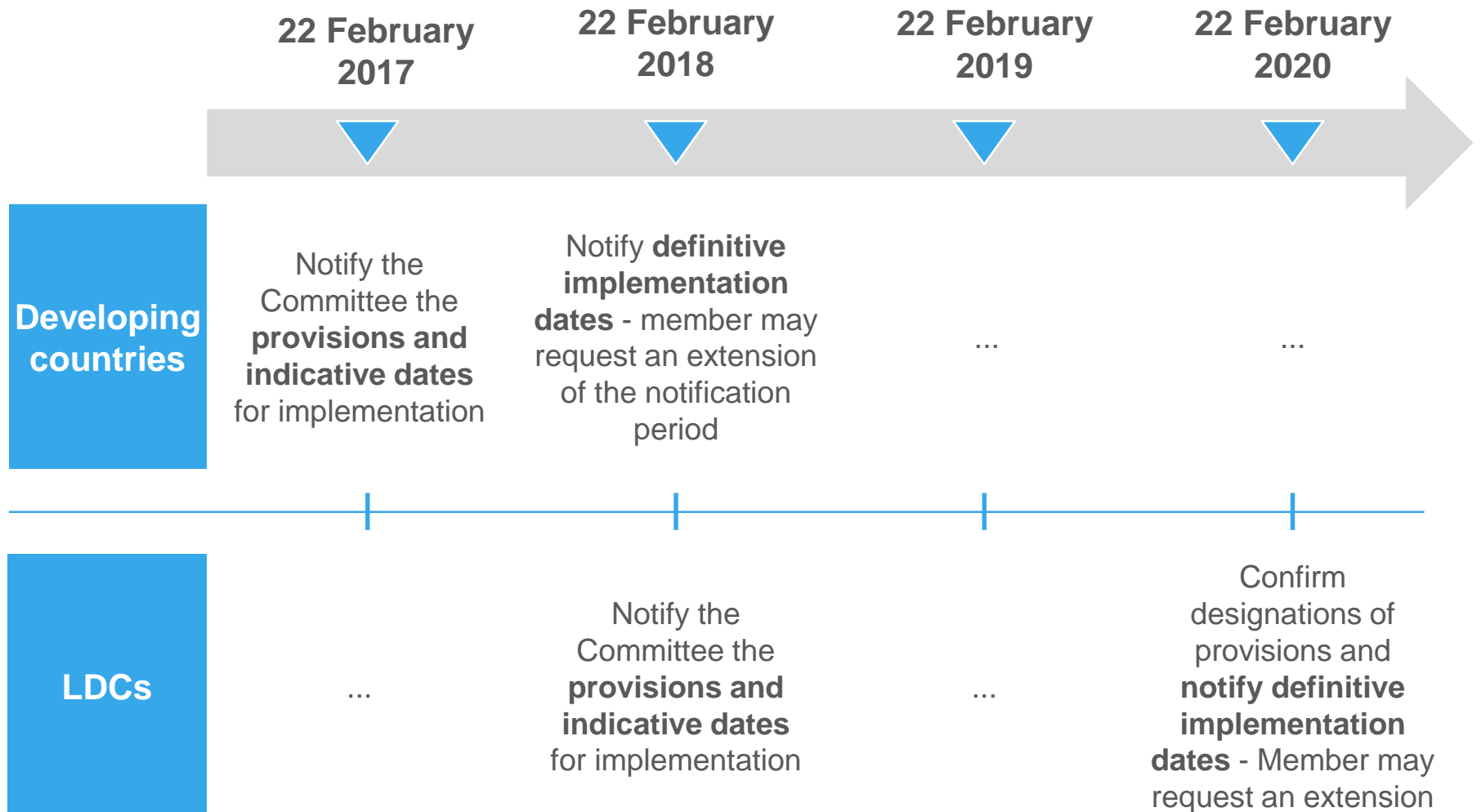
Three different categories of commitments: A, B & C

| Categories | Timing | Conditionality |
|------------|--|----------------|
| Category A | Time of entry into force (for LDCs, within one year after entry into force) | Ø |
| Category B | (x) years after entry into force | Ø |
| Category C | (x) years after entry into force | TACB |

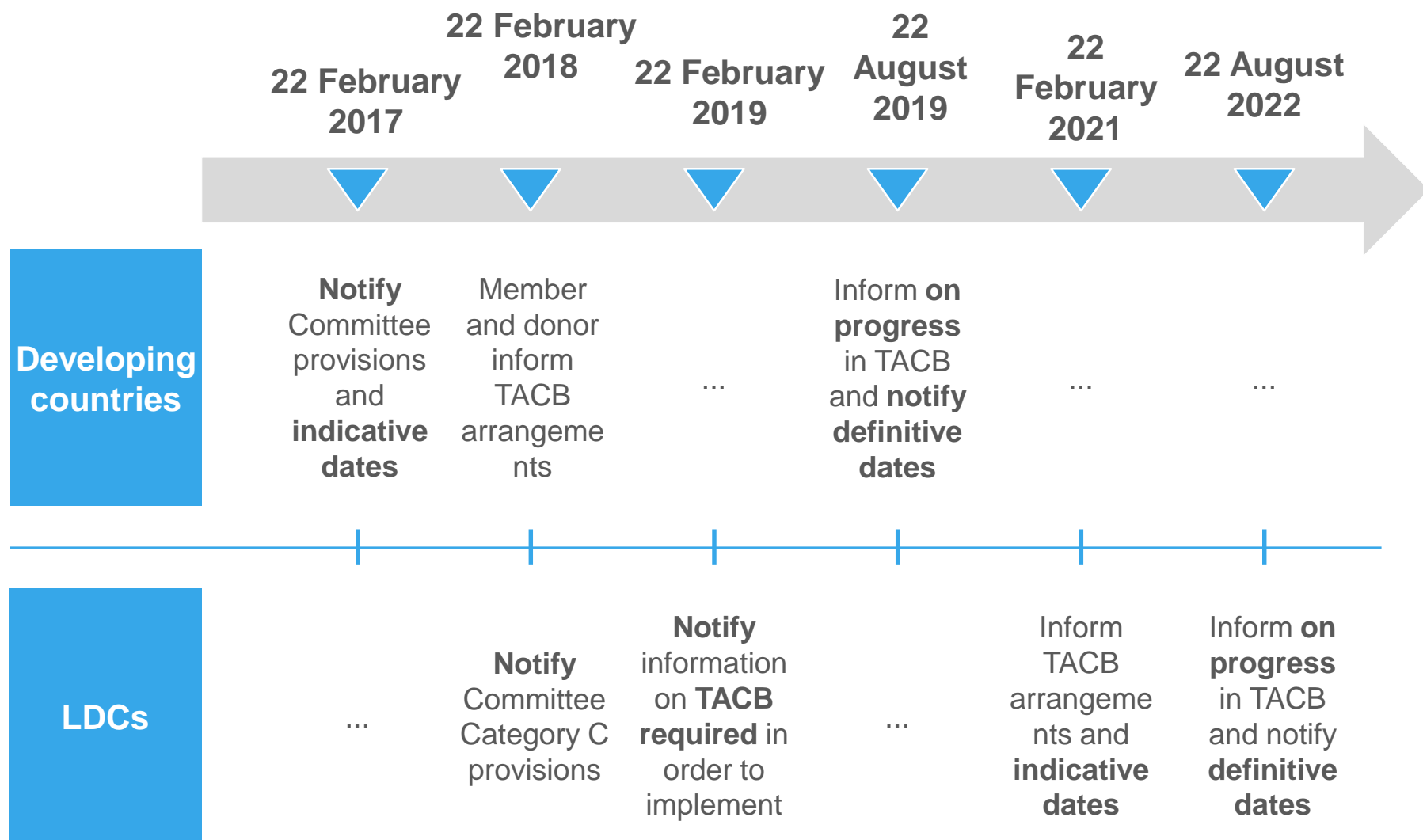
Cat. C provisions implementation process



Category B notification and implementation



Category C notification and implementation



Early warning mechanism

If a Member experiences difficulties implementing by the definitive dates it established, it should notify the WTO Committee on Trade Facilitation:

- Developing countries: no later than 120 days before the expiration date
- LDCs: no later than 90 days before the expiration date

Notify new dates and indicate reasons for delay

Automatic extension if it is the first request and:

- Extension requested less than 1.5 years (developing countries)
- Extension requested less than 3 years (LDCs)

Subsequent extensions submitted to the Committee which will give sympathetic consideration



Other TFA mechanisms

Shifting between Cat. B and C

Developing members and LDCs would have option to shift between categories

- Through notification to the WTO Committee

Shifting from B to C would contain information on:

- Technical assistance
- Capacity building Financial needs

Extension in time frame, if needed, through early waning mechanism

Dispute settlement – grace period

- **For Cat A measures**
 - Developing: 2y after entry into force
 - LDCs: 6y after entry into force
 -
- **For Cat B&C measures**
 - 8 years after implementation of the provision for LDCs only
- **Opportunity for consultation during the grace period**
 - For discussing issues relating to implementation
- **Due constraint for invoking DSU for LDCs**

- 1 Introducing trade facilitation and the WTO Trade Facilitation Agreement (TFA)
- 2 Facilitating implementation of the TFA: an overview of the special and differential treatment (S&DT) provisions
- 3 The pivotal role of the private sector in trade facilitation policy-making**
- 4 State of play of TFA implementation by WTO Asia-Pacific members

Private sector must become a natural partner of policymakers in the area of TF



Private sector is at the **core of border regulatory agencies' mission**



Private sector is the **main bearer** of cross-border procedures inefficiencies



Private sector is the **main beneficiary** of the implementation of the TFA

Bringing the voice of SMEs into policy-making

The involvement of the private sector – especially small and medium enterprises (SMEs) – in trade facilitation public-private dialogue (PPD) and policy-making process will contribute to **design, implement and monitor meaningful reforms that tackle real barriers** faced by traders.



PPD must be leveraged at each step

Structured dialogue



Workable reforms



Reforms that work

Diagnostic

Solution-design

Implementation

**Monitoring
and
evaluation**

- Engagement
- Definition
- Empowerment

- Consensus building
- Filtering

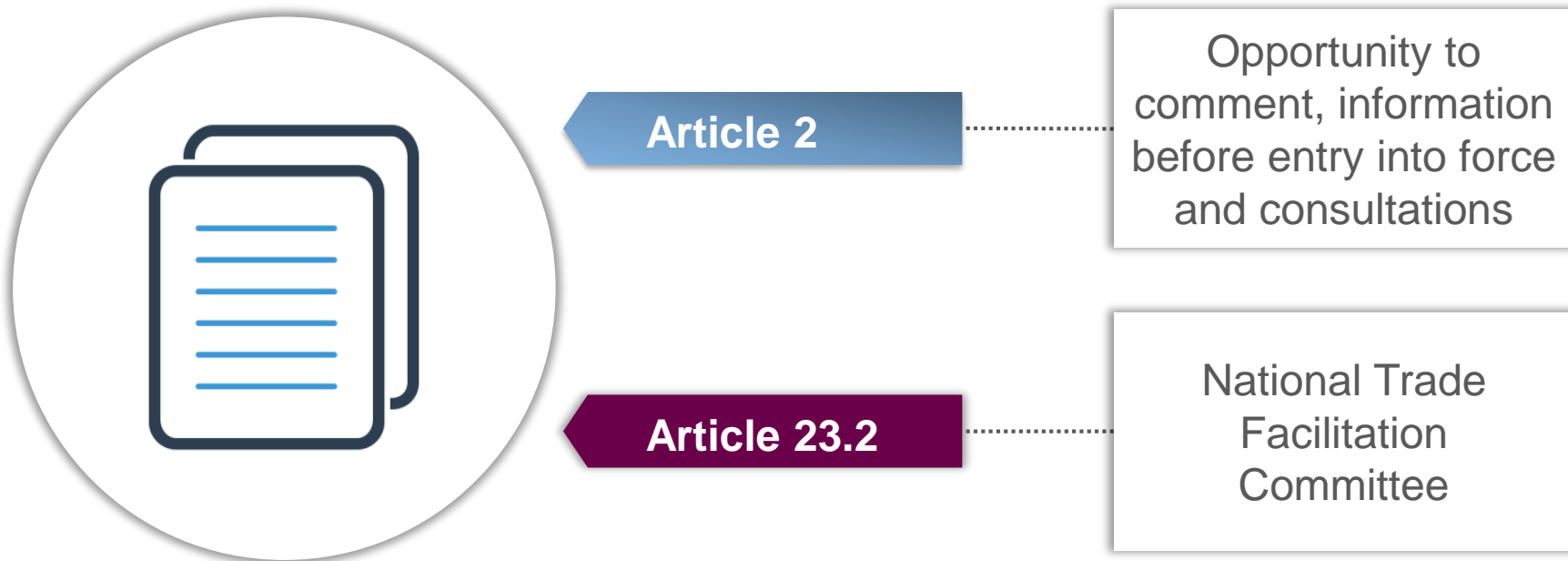
- Ongoing support
- Watchdog
- Resources

- Watchdog
- Feedback loop



PPD contributes to all steps of reform process

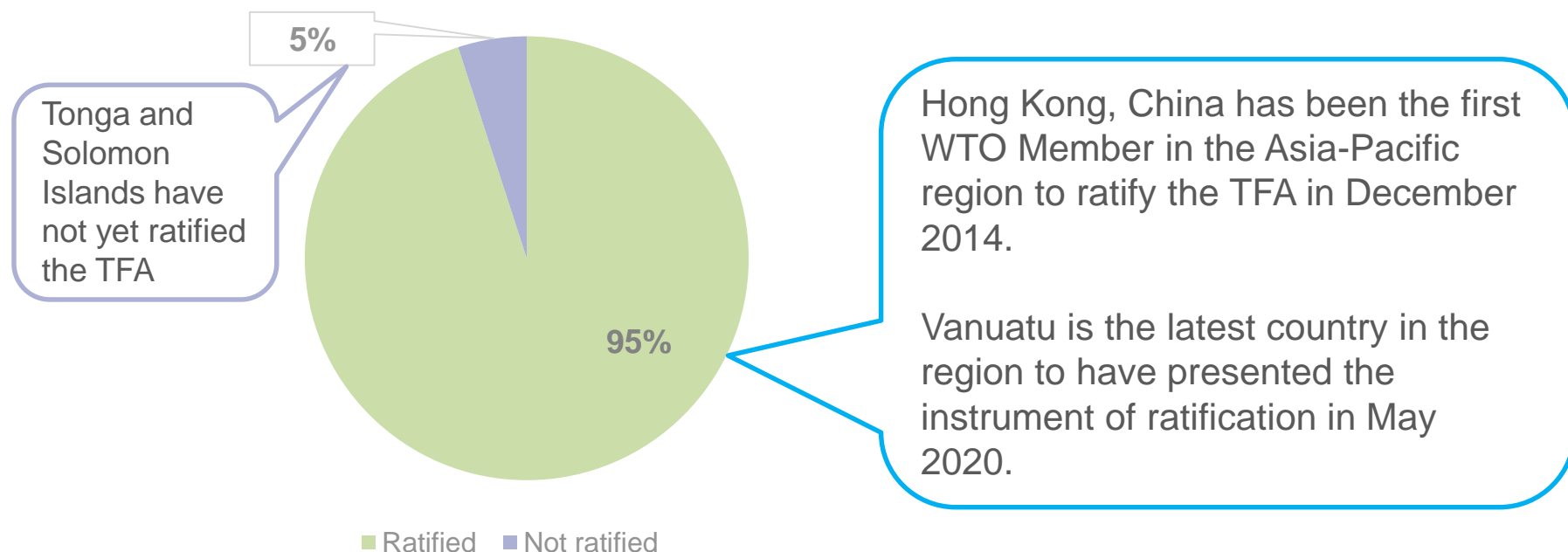
The TFA promotes private sector involvement in trade facilitation institutionalizing PPD



- 1 Introducing trade facilitation and the WTO Trade Facilitation Agreement (TFA)
- 2 Facilitating implementation of the TFA: an overview of the special and differential treatment (S&DT) provisions
- 3 The pivotal role of the private sector in trade facilitation policy-making
- 4 State of play of TFA implementation by WTO Asia-Pacific members**

The overwhelming majority of WTO Asia-Pacific members has successfully ratified the TFA

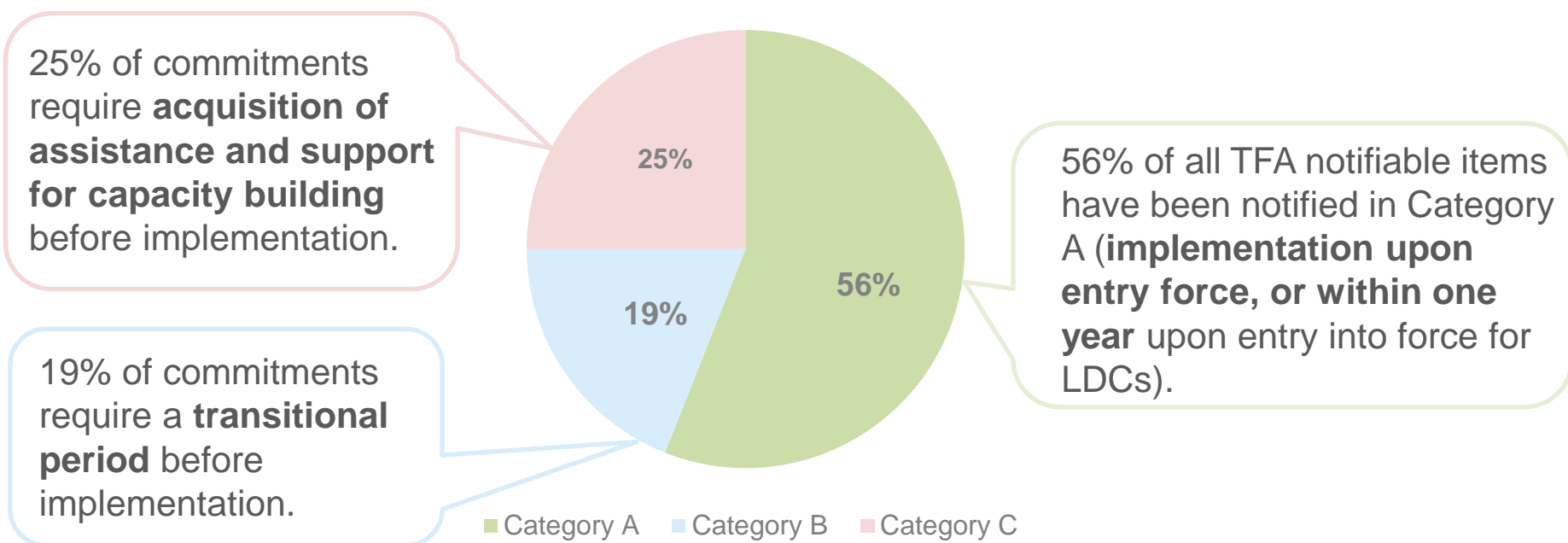
Ratification rate as of July 2020 (% of total WTO Asia-Pacific members)



Source: ITC elaboration from TFA Database.

WTO Asia-Pacific Members have fully notified the categorization of their TFA commitments

Share of categorization in A, B and C (% of all notifiable items)



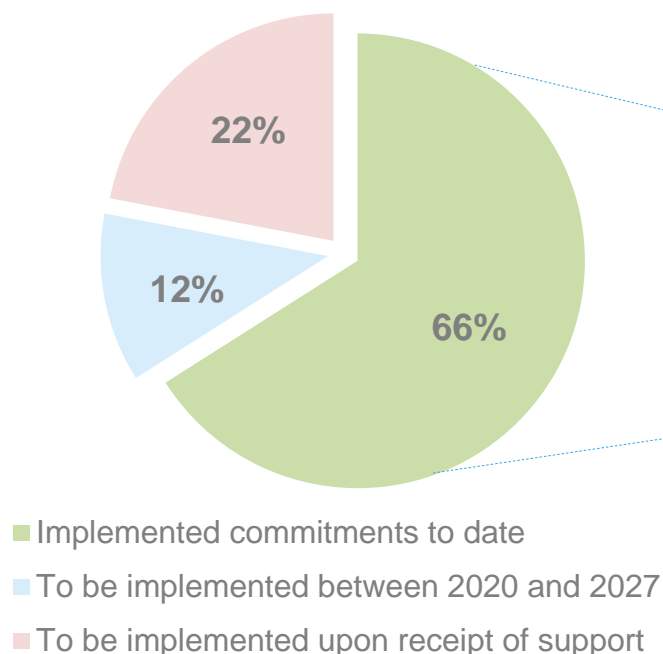
Source: ITC elaboration from TFA Database.



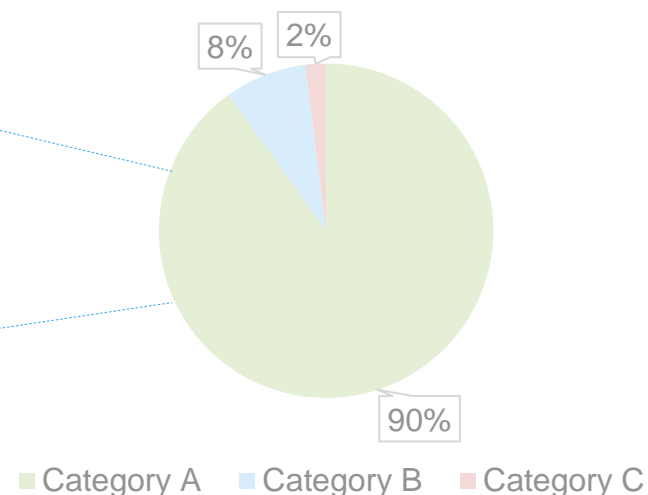
N. B.: From the previous counting, four countries have not been included due to their developed status (Australia, Japan, New Zealand, Russian Federation).

Implementation of the TFA is on track in the Asia-Pacific region

Share of TFA implementation to date (%)



Breakdown of implemented commitments to date (%)



ITC trade facilitation publications

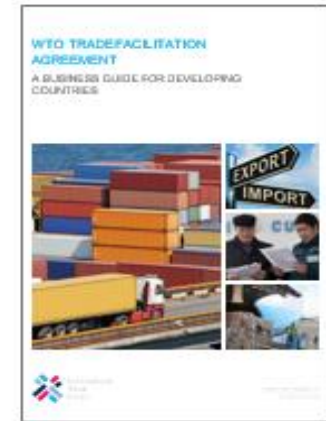
National Trade Facilitation Committees



SMEs and the WTO Trade Facilitation Agreement



WTO Trade Facilitation Agreement Business Guide



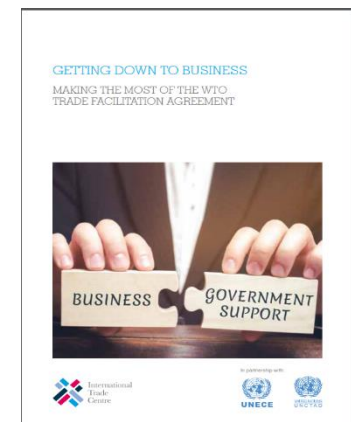
Charting a Roadmap to Regional Integration



Reforming Logistics Services



Making the Most of the TFA



Thank you for your attention

**Your
contact
at ITC**



Dr. Mohammad Saeed

Senior Trade Facilitation Officer



saeed@intracen.org



+41 799 52 15 77

