

Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation:

**Second session: Trade facilitation rules as a trade
enabler: options and requirements**

Geneva, 1–3 July 2014

Note by the UNCTAD secretariat

by

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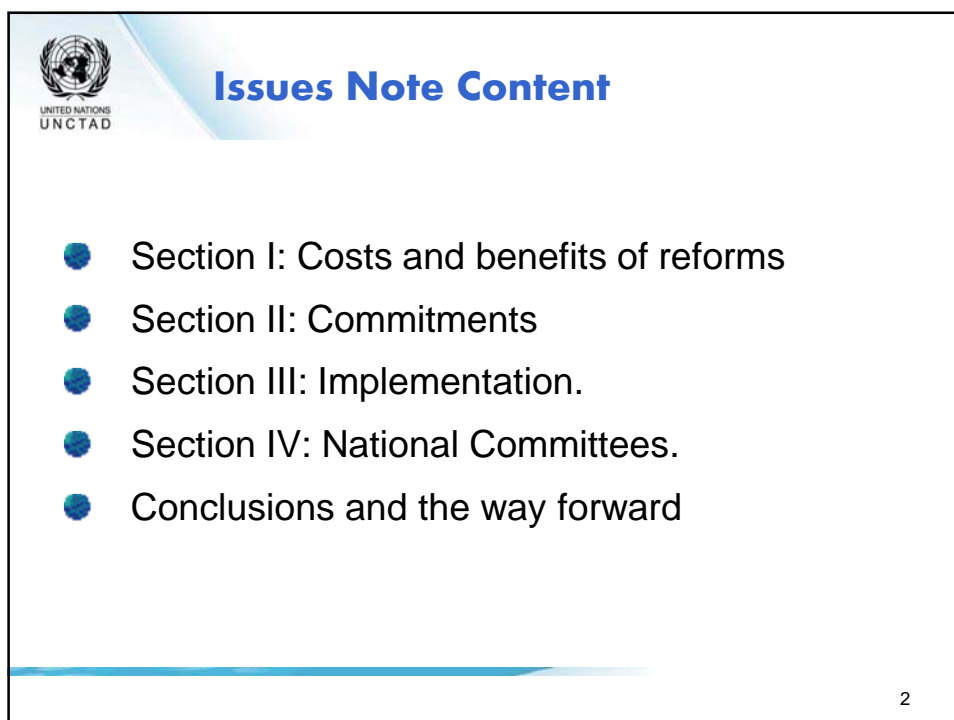
Session II

**TRADE FACILITATION RULES AS A TRADE ENABLER:
OPTIONS AND REQUIREMENTS**

Note by the UNCTAD secretariat

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Issues Note Content

- Section I: Costs and benefits of reforms
- Section II: Commitments
- Section III: Implementation.
- Section IV: National Committees.
- Conclusions and the way forward

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I. COSTS AND BENEFITS OF TRADE FACILITATION REFORMS (1)

A. TF and international trade

- Trade costs correlation with indicators of trade and transport facilitation is widely documented in the “Doing Business Report” and the “Logistics Performance Index” of the WB, or UNCTAD’s “Liner Shipping Connectivity Index”.
- Some parties have raised concerns that developing country imports might increase more rapidly than exports

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I. COSTS AND BENEFITS OF TRADE FACILITATION REFORMS (2)

B. TF implementation costs and Customs revenues

- Most TF measures require an initial investment in staff, trained and deployed, as well in information technology. Efficiency gains and increased revenue collection help in the medium term recoup the investment.
- TF measures have a relatively high return-on-investment.
- Adjustment costs: Even if society as a whole will gain, some members of society may lose



I. COSTS AND BENEFITS OF TRADE FACILITATION REFORMS (3)

C. TF reforms and development

- TF reforms require a build-up of human, institutional and technological capacities in public institutions.
- LDCs will require technical assistance and capacity building to implement the measures included in the TFA.
- LDCs have weaker TF committees than non-LDCs.

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II. MULTILATERAL AND REGIONAL TF COMMITMENTS (1)

A. TF Measure at Multilateral Level

- WTO TFA adds a multilateral dimension to many existing arrangements at bilateral, regional and a mandatory one to those of WCO, UNECE, which include obligations but no DSU.
- UNCTAD, has been assisting members in the TF negotiations and will prepare them to take on the obligations ensuing from the WTO Trade Facilitation Agreement.

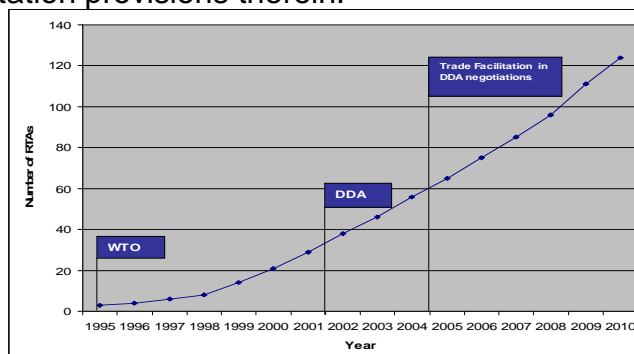
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II. MULTILATERAL AND REGIONAL TF COMMITMENTS (2)

B. RTAs and TF measures

- Steady increase in the number of regional trade agreements (RTAs) and inclusion of customs and trade facilitation provisions therein.



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II. MULTILATERAL AND REGIONAL TF COMMITMENTS (3)

B. RTAs and TF measures

- RTAs regularly incorporated a TF component, the launch of the WTO negotiations on trade facilitation gave another impetus to these endeavours.
- Virtually every country today is involved in one or more regional trade arrangement. A total of 259 agreements were notified to the WTO RTA database at the end of June 2013.
- However, the multiplication of trade facilitation rules and commitments may also lead to overlap, complication and a need for adjustment of certain agreements.

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III. TRADE FACILITATION IMPLEMENTATION (1)

A. Required Actions Before the Entry into Force of the WTO TFA (1)

- Protocol of amendment to be adopted by the General Council no later than 31 July 2014.
- Between 1 August 2014 and 31 July 2015 the Protocol will be open for acceptance by WTO Members.
- Entry into force requires the acceptance by a two thirds majority of the WTO Member States, i.e. 106 WTO Member States must accept the Agreement.

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III. TRADE FACILITATION IMPLEMENTATION (2)

A. Required Actions Before the Entry into Force of the WTO TFA (2)

- The entry into force could therefore happen some time between 31 July 2014 and 31 July 2015 if two thirds of the Members have deposited their acceptance of the Agreement with the WTO Secretariat, or immediately after 31 July 2015.
- However, should two thirds of the members not have accepted the Agreement by 31 July 2015; it can enter into force subsequently at such a time when two thirds of the members have ratified the Agreement.

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III. TRADE FACILITATION IMPLEMENTATION (3)

A. Required Actions After the Entry into Force of the WTO TFA (1)

- The Agreement will be binding for all WTO Member States, but will have differing implementation stages depending on whether a country is considered as developed, developing or a least developed country.
- Developed countries are under obligation to implement all provisions of the Agreement upon entry into force.
- Each developing and least developed country shall self-designate the provisions of the Agreement according to categories that will decide the eventual implementation timeframes

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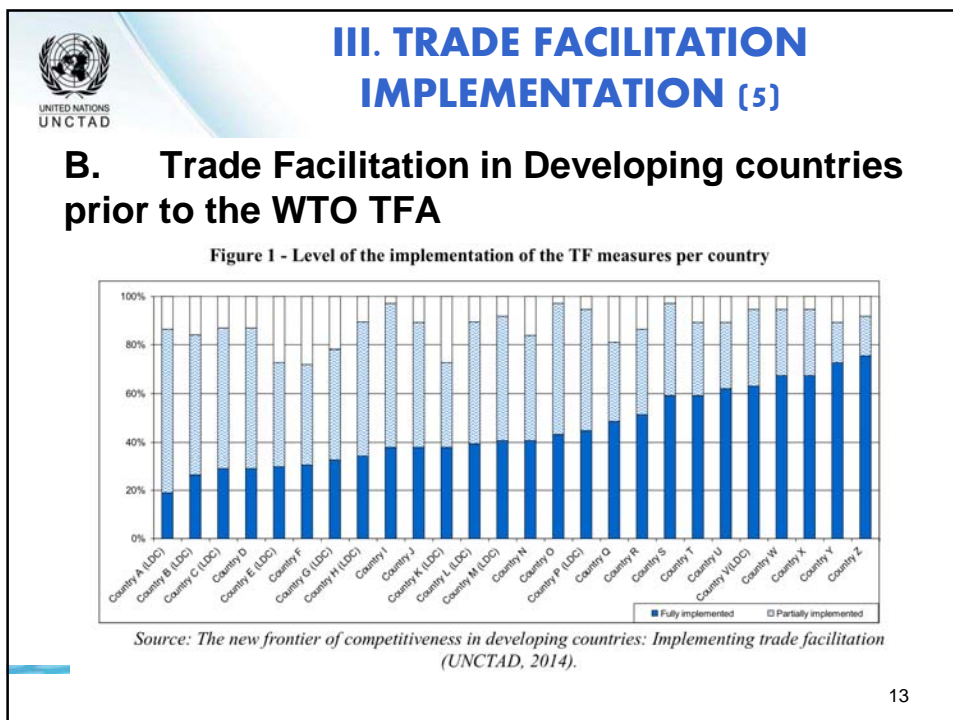


III. TRADE FACILITATION IMPLEMENTATION (4)

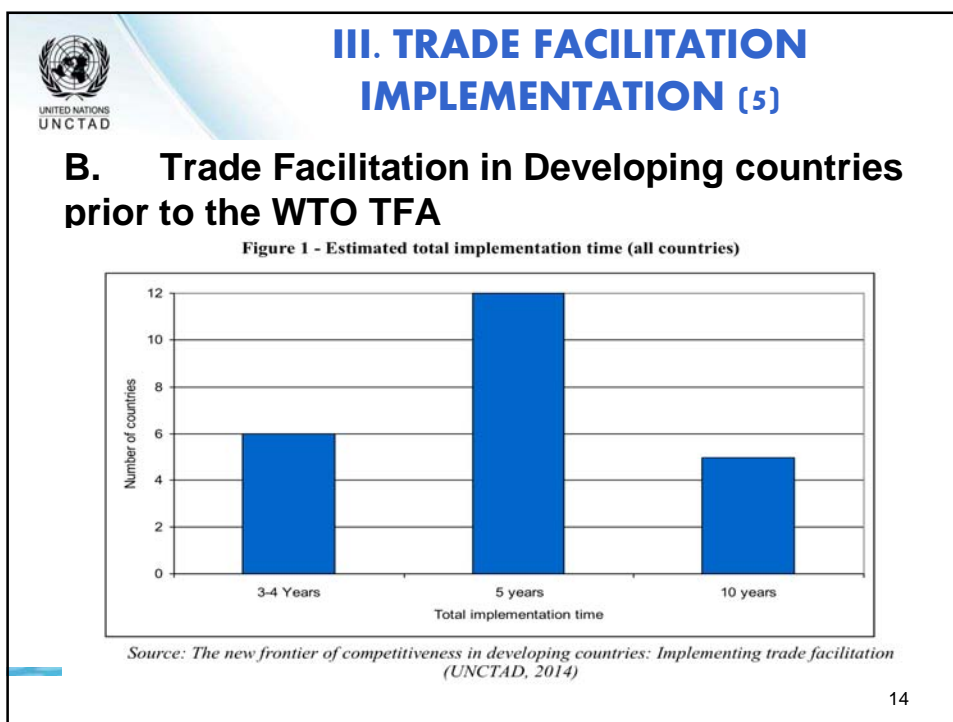
A. Required Actions After the Entry into Force of the WTO TFA (2)

- Category A provisions: Implementation upon entry into force,
- Category B provisions: Deferred implementation date,
- Category C provisions: Deferred implementation date and dependent on acquisition of capacity through technical assistance and support from donors.
- A major element of the Agreement is that it provides for Special and Differential Treatment for developing and least developed country members in accordance with their respective implementation capacities.

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III. TRADE FACILITATION IMPLEMENTATION (5)

C. Commitment to Implementation towards Compliance

- Countries' commitment to implement WTO TFA is pivotal for their success.
- UNCTAD contributes to capacity building through a programme of tailor-made technical cooperation and Customs automation through ASYCUDA programme.
- Majority of the provisions in the TFA would benefit simply by using Customs automation ASYCUDA system.

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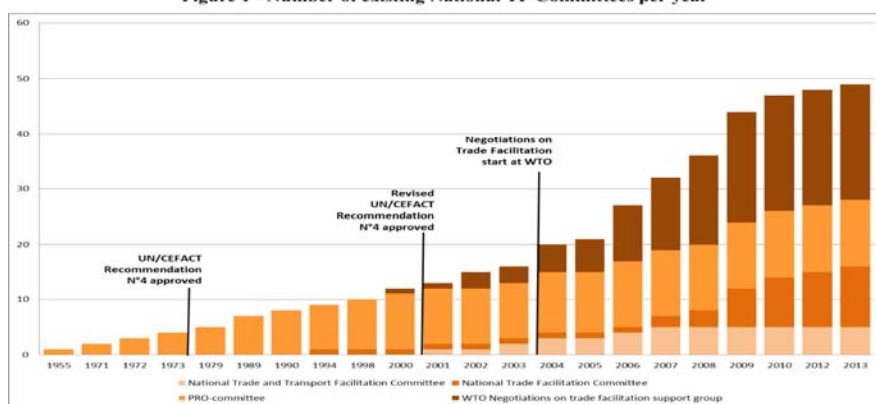


IV. NATIONAL TRADE FACILITATION COMMITTEES

A. Types of trade facilitation committees

B. From recommendation to obligation

Figure 1 - Number of existing National TF Committees per year



Source: UNCTAD, based on data from the on-line repository (UNCTAD.org | Trade Facilitation Bodies around the world, 2014)



IV. NATIONAL TRADE FACILITATION COMMITTEES (2)

C. The challenge of sustainability

- The healthy recipe is based on a series of elements that can strongly influence the effective work of the group:
 - ❖ Strong commitment by high-level officials and business leaders
 - ❖ Cooperation between private and public sectors and the creation of a sense of ownership
 - ❖ Assurances from the outset of public financial support for operational and overhead expenses.
 - ❖


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THE WAY FORWARD

- UNCTAD's programme on assistance to implement the TFA is two-fold:
 - a) to develop trade facilitation implementation plans defining categories (A, B and C), time schedules and resource requirements.
 - b) to support the actual implementation of TF reforms for compliance capacity. With focus placed on project development, strengthening national TF committees, capacity building, and ensuring the implementation capacity for implementing category C commitments.


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THE WAY FORWARD

- Finally, UNCTAD ASYCUDA Programme has the expertise, powerful ICT tools and staff to assist developing countries in:
- Using system technical functionalities for the implementation of the WTO TFA.


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Thank you



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