



# **Trade Facilitation** *A Way Forward*

*Florian A. Albuero*

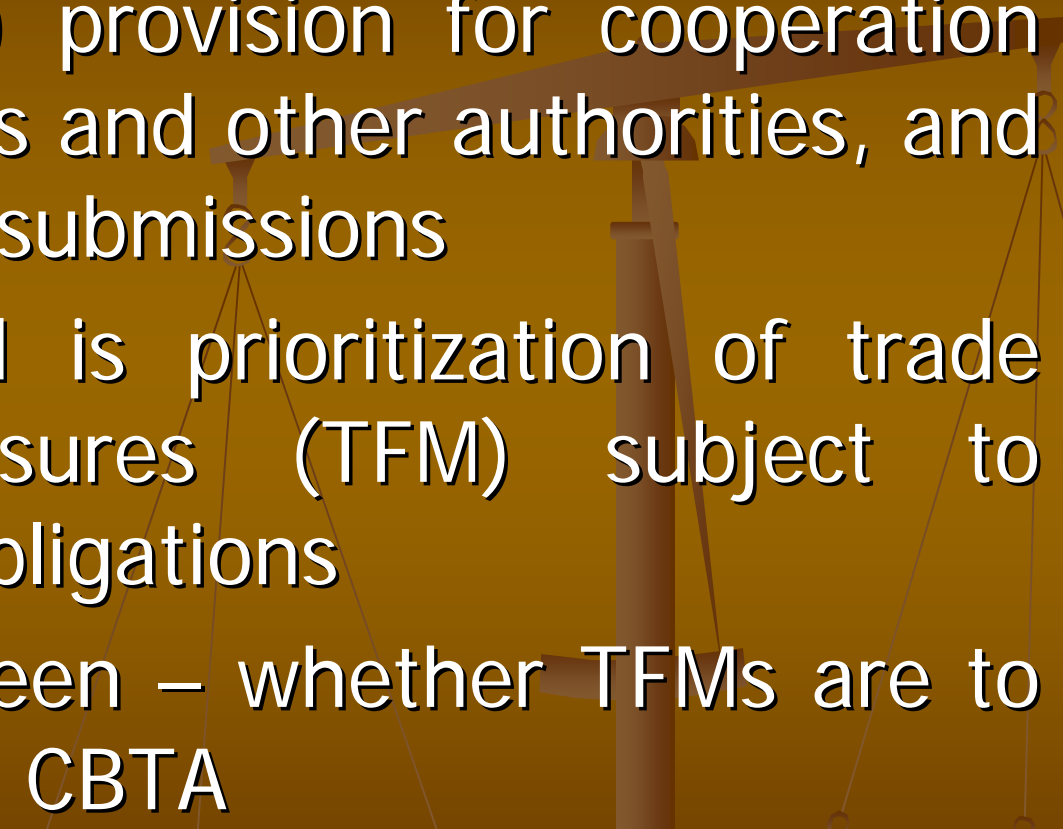
# Outline

- I. WTO Parameters
- II. Implementing Trade Facilitation (TF)
- III. A Way Forward



# WTO Parameters

- Bound to Articles V, VIII, and X of GATT '94 (clarification and improvement of provisions)
- Many submissions to Negotiating Group on Trade Facilitation (NGTF)
  - cross North-South lines/joint proposals
  - country experiences
  - draft agreement focused on capacity building and technical assistance (CBTA)

- 
- Hong Kong Ministerial TF Report (Annex E) has 3 parts: (a) proposals on Articles V, VIII, and X, (b) provision for cooperation between Customs and other authorities, and (c) cross cutting submissions
  - What is needed is prioritization of trade facilitation measures (TFM) subject to disciplines and obligations
  - Remains to be seen – whether TFMs are to be tied closely to CBTA

# Summary of Submissions and Proposals Negotiating Group on Trade Facilitation

## I. PROPOSED MEASURES TO IMPROVE AND CLARIFY GATT ARTICLES V, VIII AND X

### A. PUBLICATION AND AVAILABILITY OF INFORMATION

- Publication of Trade Regulations
- Publication of Penalty Provisions
- Internet Publication
  - (a) of elements set out in Article X of GATT 1994
  - (b) of specified information setting forth procedural sequence and other requirements for importing goods
- Notification of Trade Regulations
- Establishment of Enquiry Points/SNFP/Information Centres
- Other Measures to Enhance the Availability of Information

### B. TIME PERIODS BETWEEN PUBLICATION AND IMPLEMENTATION

- Interval between Publication and Entry into Force

### C. CONSULTATION AND COMMENTS ON NEW AND AMENDED RULES

- Prior Consultation and Commenting on New and Amended Rules
- Information on Policy Objectives Sought

### D. ADVANCE RULINGS

- Provision of Advance Rulings

### E. APPEAL PROCEDURES

- Right of Appeal
- Release of Goods in Event of Appeal

**A. OTHER MEASURES TO ENHANCE IMPARTIALITY AND NON-DISCRIMINATION**

- **Uniform Administration of Trade Regulations**
- **Maintenance and Reinforcement of Integrity and Ethical Conduct Among Officials**
  - (a) **Establishment of a Code of Conduct**
  - (b) **Computerized System to Reduce/Eliminate Discretion**
  - (c) **System of Penalties**
  - (d) **Technical Assistance to Create/Build up Capacities to Prevent and Control Customs Offences**
  - (e) **Appointment of Staff for Education and Training**
  - (f) **Coordination and Control Mechanisms**

**B. FEES AND CHARGES CONNECTED WITH IMPORTATION AND EXPORTATION**

- **General Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation**
  - (a) **Specific Parameters for Fees/Charges**
  - (b) **Publication/Notification of Fees/Charges**
  - (c) **Prohibition of Collection of Unpublished Fees and Charges**
  - (d) **Periodic Review of Fees/Charges**
  - (e) **Automated Payment**
- **Reduction/Minimization of the Number and Diversity of Fees/Charges**

**C. FORMALITIES CONNECTED WITH IMPORTATION AND EXPORTATION**

- **Disciplines on Formalities/Procedures and Data/Documentation Requirements Connected with Importation and Exportation**
  - (a) **Non-discrimination**
  - (b) **Periodic Review of Formalities and Requirements**
  - (c) **Reduction/Limitation of Formalities and Documentation Requirements**
  - (d) **Use of International Standards**
  - (e) **Uniform Customs Code**
  - (f) **Acceptance of Commercially Available Information and of Copies**
  - (g) **Automation**
  - (h) **Single Window/One-time Submission**
  - (i) **Elimination of Pre-Shipment Inspection**
  - (j) **Phasing out Mandatory Use of Customs Brokers**

**D. CONSULARIZATION**

- **Prohibition of Consular Transaction Requirement**

**E. BORDER AGENCY COOPERATION**

- **Coordination of Activities and Requirement of all Border Agencies**

A. RELEASE AND CLEARANCE OF GOODS

- Expedited/Simplified Release and Clearance of Goods
  - (a) Pre-arrival Clearance
  - (b) Expedited Procedures for Express Shipments
  - (c) Risk Management /Analysis, Authorized Traders
  - (d) Post-Clearance Audit
  - (e) Separating Release from Clearance Procedures
  - (f) Other Measures to Simplify Customs Release and Clearance
- Establishment and Publication of Average Release and Clearance Times

B. TARIFF CLASSIFICATION

- Objective Criteria for Tariff Classification

C. MATTERS RELATED TO GOODS TRANSIT

- Strengthened Non-discrimination
- Disciplines on Fees and Charges
  - (a) Publication of Fees and Charges and Prohibition of Unpublished ones
  - (b) Periodic Review of Fees and Charges
  - (c) More effective Disciplines on Charges for Transit
  - (d) Periodic Exchange Between Neighbouring Authorities
- Disciplines on Transit Formalities and Documentation Requirements
  - (a) Periodic Review
  - (b) Reduction/Simplification
  - (c) Harmonization/Standardization
  - (d) Promotion of Regional Transit Arrangements
  - (e) Simplified and Preferential Clearance for Certain Goods
  - (f) Limitation of Inspections and Controls
  - (g) Sealing
  - (h) Cooperation and Coordination on Document Requirements
  - (i) Monitoring
  - (j) Bonded Transport Regime/Guarantees
- Improved Coordination and Cooperation
  - (a) Amongst Authorities
  - (b) Between Authorities and the Private Sector
- Operationalization and Clarification of Terms

**I. PROPOSED PROVISIONS FOR EFFECTIVE COOPERATION BETWEEN CUSTOMS AND OTHER AUTHORITIES ON TRADE FACILITATION AND CUSTOMS COMPLIANCE**

- Multilateral Mechanism for the Exchange and Handling of Information

**II. CROSS-CUTTING SUBMISSIONS**

**1. Needs and Priorities Identification**

- General tool to assess needs and priorities and current levels of trade facilitation
- Take result of assessment as one basis for establishing trade facilitation rules, arranging S&D treatment and providing technical assistance and capacity building support

**2. Technical Assistance and Capacity Building**

- Technical Assistance and Capacity Building in the Course of the Negotiations

- Identification of Needs and Priorities
- Compilation of Needs and Priorities of Individual Members
- Support for Clarification and Educative Process Including Training

- Technical Assistance and Capacity Building Beyond the Negotiations Phase

- Implementation of the Outcome
- Coordination Mechanisms for Implementing Needs and Priorities as well as Commitments

**3. Multiple-Areas**

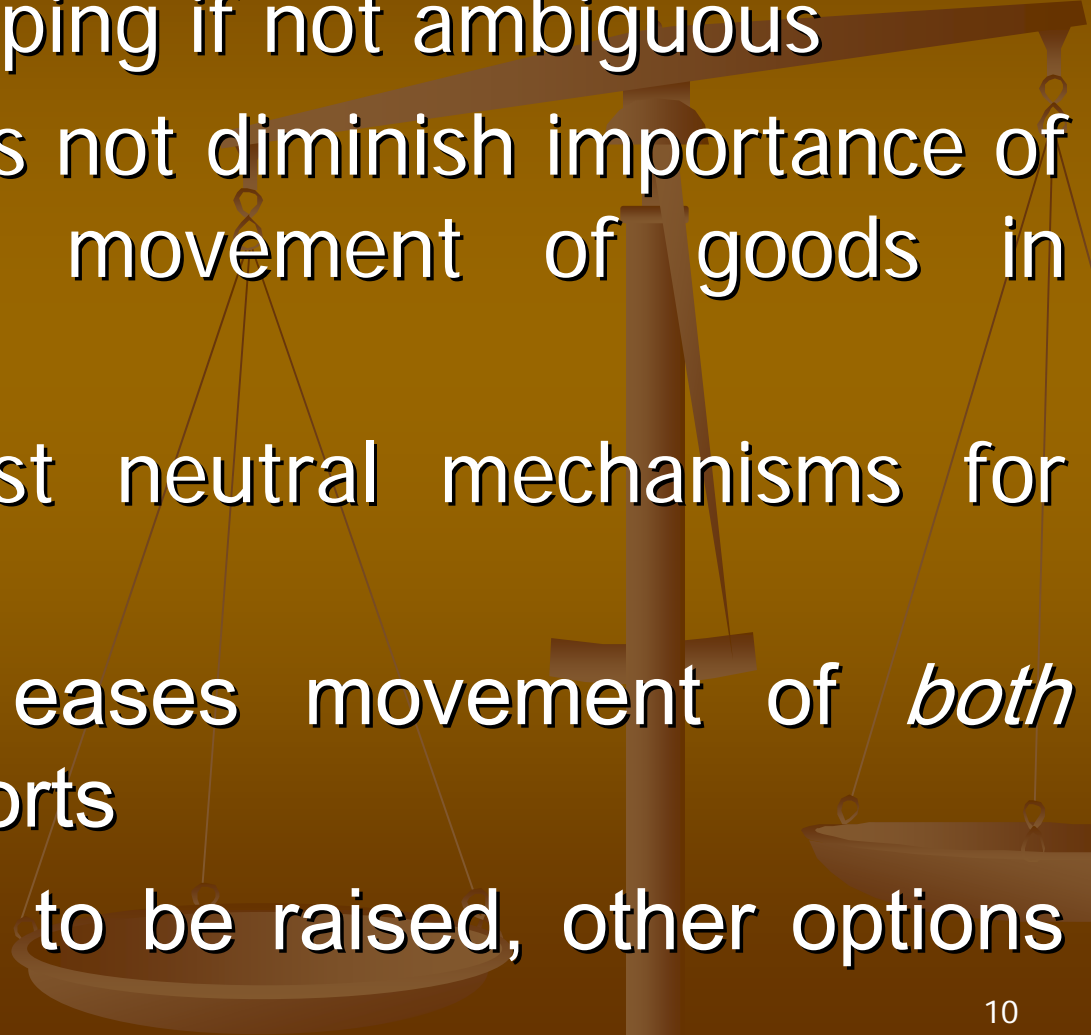
- Identification of Trade Facilitation Needs and Priorities of Members
- Cost Assessment
- Inter-Agency Cooperation
- Links and Inter-relationship between the Elements of Annex D
- Inventory of Trade Facilitation Measures
- Assessment of the Current Situation
- Timing and Sequencing of Measures

Source: Hong Kong Ministerial Declaration Sixth Ministerial Conference, Hong Kong 13-18 December 2005 WT/MIN (05)/DEC, Annex E pp. E-2 – E-5



# Implementing TF

- Past trade regimes based on protection and border rules custom-built for bureaucracy
- Empirical exercises show TF raise cost saving 1.5-15 percent of landed cost of imported goods
- “Port logistics” largest effects on trade
- Studies provide strong foundation for TF
- Implementing TF *per se* has positive impact on trade and development

- 
- Developing and least-developed countries anxious that TF recommendations from the studies too sweeping if not ambiguous
  - This anxiety does not diminish importance of TF in efficient movement of goods in borders
  - TFMs are almost neutral mechanisms for trade:
    - Infrastructure eases movement of *both* imports and exports
    - If protection is to be raised, other options are superior

- The other anxiety is the costs that go with TF obligations
- This would vary considerably by kind of TFM
  - complete modernization of borders imply large investments and capital outlays most can not afford
  - there are TFMs where costs are small, incremental, and have strong impacts on movement of goods
- Studies and cases highlight complete overhaul



# A Way Forward

- TF direction should be strongly researched-based (knowledge generation)
- Confining direction around WTO TF agenda may be self-limiting – other important issues affect trade even within GATT '94 (e.g. customs valuation, import licensing, use of private sector e.g. PSI, TIR, ATA Carnet)
- A way forward is to (a) develop research program, (b) build research utilization network, and (c) link TF research with CBTA

# Research

- More country studies along ARTNet studies focusing on least-developed countries and those with contiguous borders in order to draw out comparative lessons



The Asia-Pacific Research and Training Network on Trade (ARTNeT) aims at building regional trade policy and facilitation research capacity in developing countries. The ARTNeT Working Paper Series disseminates the findings of work in progress to encourage the exchange of ideas about trade issues. An objective of the series is to get the findings out quickly, even if the presentations are less than fully polished. ARTNeT working papers are available online at: [www.artnetontrade.org](http://www.artnetontrade.org). All material in the working papers may be freely quoted or reprinted, but acknowledgment is requested, together with a copy of the publication containing the quotation or reprint. The use of the working papers for any commercial purpose, including resale, is prohibited.





- Research into areas beyond scope of WTO negotiations such as customs valuation practices, the use of private sector services such as Pre-shipment inspection (PSI), risk management, and import licensing methods



## Transaction value dominates ...

|         | TRANSACTION VALUE | TRANSACTION VALUE OF IDENTICAL GOODS | TRANSACTION VALUE OF SIMILAR GOODS | DEDUCTIVE VALUE | COMPUTED VALUE | FALL - BACK METHOD |
|---------|-------------------|--------------------------------------|------------------------------------|-----------------|----------------|--------------------|
|         | 1                 | 2                                    | 3                                  | 4               | 5              | 6                  |
| EC      | 95.4              | 0.3                                  | 0.2                                | 2.1             | -              | 2                  |
| Finland | 93.1              | 0.3                                  | 0.1                                | -               | -              | 6.5                |
| Hungary | 86.8              | 10.9                                 | 2.3                                | -               | -              | -                  |
| Japan   | 96.6              | 1.4                                  | 0.1                                | 0.3             | 0.5            | 1.1                |
| Romania | 100               | -                                    | -                                  | -               | -              | -                  |
| Sweden  | 99+               | -                                    | -                                  | -               | -              | -                  |
| USA     | 94                | 1                                    | 0.5                                | 1               | 2              | 1.5                |
| Norway  | 98.5              | 0.4                                  | -                                  | -               | -              | 1                  |

Source: WCO

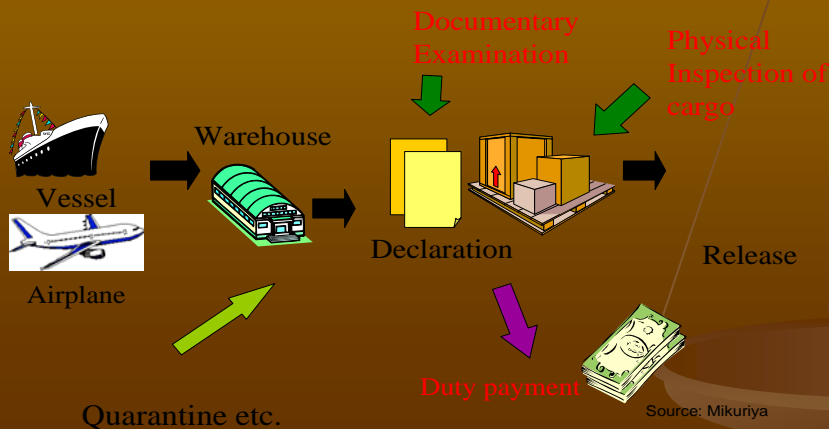
- Case studies of border cooperation such as single stop inspection services, “single-room” customs and other government border services (the manual version of the single-window), and pre-arrival declaration, including their actual practices and border behavior



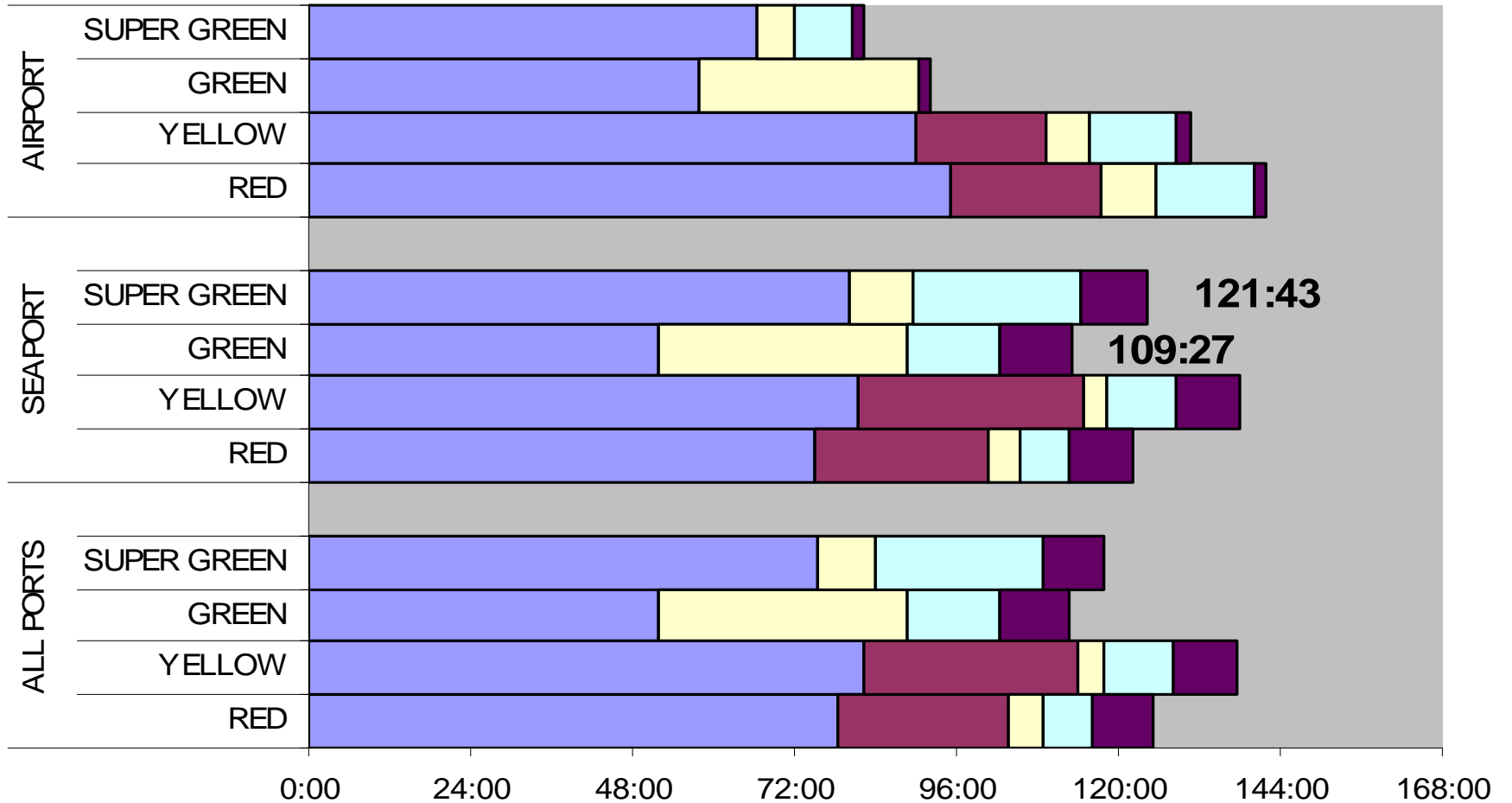


- Research into WTO TF measures involving transit arrangements, agreements, procedures, documentation, and actual use
- Research and case studies into new areas (e.g. integrated border management, time release studies)

### Tracking Cargo Movement (Japan)

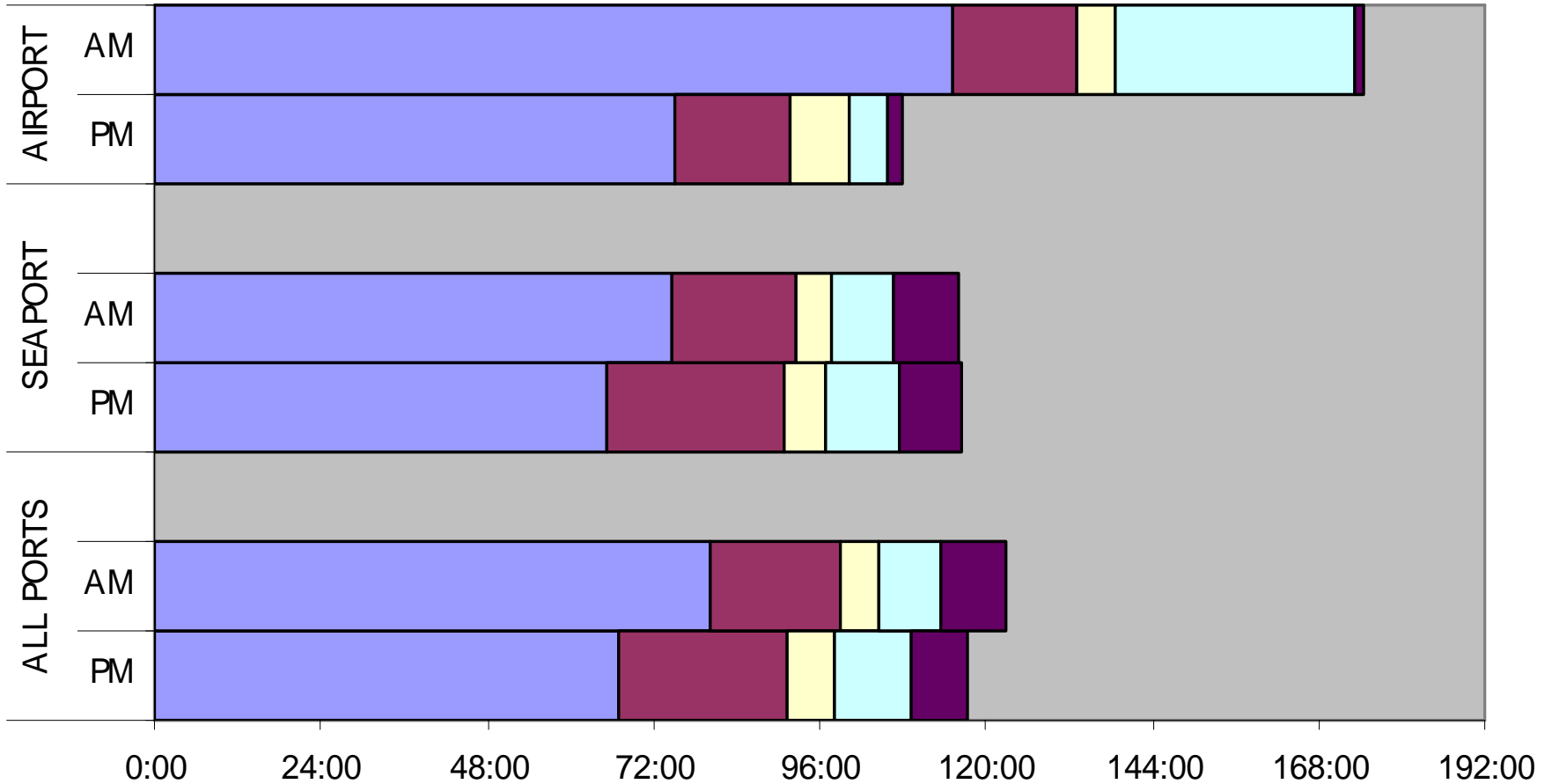


# Color Selectivity



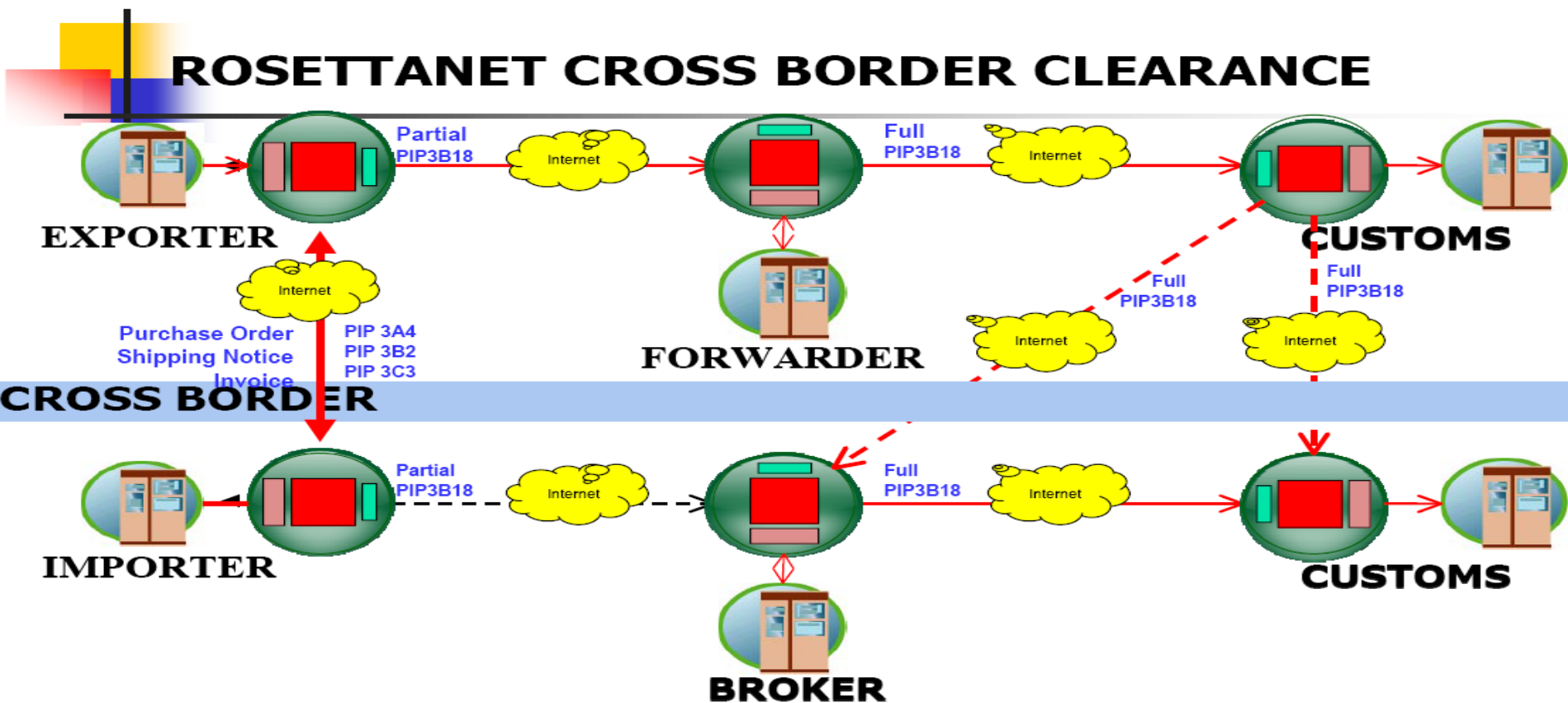
- Arrival of Goods at Pilot Station to Lodgment
- Assessment to Release of Goods by Customs
- Lodgment to Assessment
- Release of Customs to Payment of Arrastre Fees
- Payment of Arrastre Fees to Release of Goods

# Time of Lodgment



- 
- 
-

- Investigation of and research into private sector trade facilitation arrangements including logistics chain, the role of and agreement with border governments, and the environment for these



# TF Research Utilization Network

- Research output needs to be translated into form and language useful to policy makers, private sector, government bureaucracy, and the public in general. One way is to create a *TF Research Utilization Network (RUN)*, an active linkage among research institutions, trade and policy makers, border agencies and officials, private sector, NGOs and consumer groups



- RUN should offer a multiple platform for dialogue with select groups, providing research with feedback mechanism and sounding board for completed work, and venue for securing inputs, suggestions, and agenda for research analysis.



# Capacity Building and Technical Assistance

- Equally critical link of research is support to CBTA as key component of the WTO TF negotiations. Research provides content to training, workshops, and dialogues as part of CBTA. A task is transforming research results into training materials suitable for various audiences as part of CBTA.

***Thank you....***

