

Trade Facilitation, Regional Integration & Logistics Liberalization

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The Case Studies*

- Comparative Analysis of Trade Facilitation in Selected Regional and Bilateral Trade Agreements
- The Relationship Between Liberalization in the Logistics Sector and Trade Facilitation

* Undertaken by IIT as ARTNeT projects and presented in August, 2006

Comparative Analysis of Trade Facilitation in Selected Regional and Bilateral Trade Agreements

- Agreements chosen to reflect diversity in character of agreement and nature of partners in the agreement
- ASEAN
- APEC
- South Asian Free Trade Area
- Pacific Agreement on Closer Economic Relations (PACER)
- Singapore-Australia Free Trade Agreement

Defining Characteristics

- ASEAN (AFTA)
 - General / aspirational
 - Some progress toward standardization of information for customs purposes

- APEC
 - Trade facilitation is a designated priority area
 - Emphasis on paperless trading and e-commerce
 - Non-binding commitments

Defining Characteristics

- South Asian Free Trade Area
 - Broad understanding of “trade facilitation”
 - Absence of specific, detailed trade facilitation principles or plans
 - Some movement on customs procedures & product standards
- Pacific Agreement on Closer Economic Relations
 - Emphasis on technical assistance and capacity-building
 - Flexibility to account for differences among members in level of economic development and resources

Defining Characteristics

- Singapore – Australia Free Trade Area
 - Binding trade facilitation obligations, enforceable by dispute settlement
 - Simplification of customs procedures (Chap 4)
 - Harmonization of technical regulations (Chap 5)
 - Promotion of paperless trading (Chap 11)
 - Cross-reference to pre-existing multilateral agreements and international standards

Summary of Key Features of Trade Facilitation Provisions in FTAs

- Broad, aspirational provisions compared with precise, detailed provisions with achievable targets
- Binding v. non-binding provisions
- Rigid requirements compared with flexibility
- Sectoral v. across-the-board reforms
- Acceleration of domestic reform
- Overlap of reform in the context of different fora

A Template for Trade Facilitation in Future Agreements

- Step 1: Definition of underlying trade facilitation principles
 - Compliance with multilateral agreements
 - Transparency and uniform administration
 - Simplification of trade regulations and procedures
 - Harmonisation and standardization
 - Cooperation (including technical assistance and capacity-building)

- Step 2: Prescription of a set of specific, binding and enforceable trade facilitation measures

TF Principle	TF Model Measure	Cost	Priority
Transparency	Publish trade regulations	low (if translation: medium-high)	1
	Ensure dissemination of information relevant to trade	low	1
	Provide advance rulings in custom matters	medium	2
	Establish a mechanism to review decisions	high	2
	Apply trade regulations consistently and in a non-discriminatory manner, and guarantee due process	medium	2

TF Principle	TF Model Measure	Cost	Priority
Simplification	Minimize/reduce fees and charges in connection with import or export	medium	1
	Establish a 'Single Window' / one-time submission procedure	Medium-high	2
	Implement pre-arrival examination	medium	1
	Implement post-clearance audit	medium	2
	Application of risk management techniques	low	1
	Elimination of Pre-Shipment Inspection and use of customs brokers	low	1
	Simplify and reduce customs procedures and documentary requirements	medium	2
	Simplify procedures for goods in transit	medium	1

TF Principle	TF Model Measure	Cost	Priority
Harmonisation	Harmonize customs procedures, documents and custom valuation methods	medium	1
	Adopt international standards	low-medium	3
	Use harmonized tariff classification	low	1
	Align national standards with or to adopt international standards	medium-high	2
	Recognize standards of other countries	medium	3
	Recognize certification and testing facilities of other countries or international organizations	medium	3

TF Principle	TF Model Measure	Cost	Priority
Cooperation	Prior consultation on new and amended rules	low	3
	Ensure cooperation and effective exchange of information between custom authorities	medium	2
	Improve relationships between custom authorities and trading community	medium	3
	Improve mobility of Business People	medium-high	2

Prioritization and Sequencing of Trade Facilitation Measures

- Avoid a “one-size-fits-all” approach
- Assessment of trade facilitation needs and reform programme with prioritization and sequencing based on particularities of country
- Flexibility and special & differential treatment may be necessary
- Commence process by implementing reforms that require limited time and resources
 - However – other trade facilitation reforms should not be unnecessarily delayed or prolonged

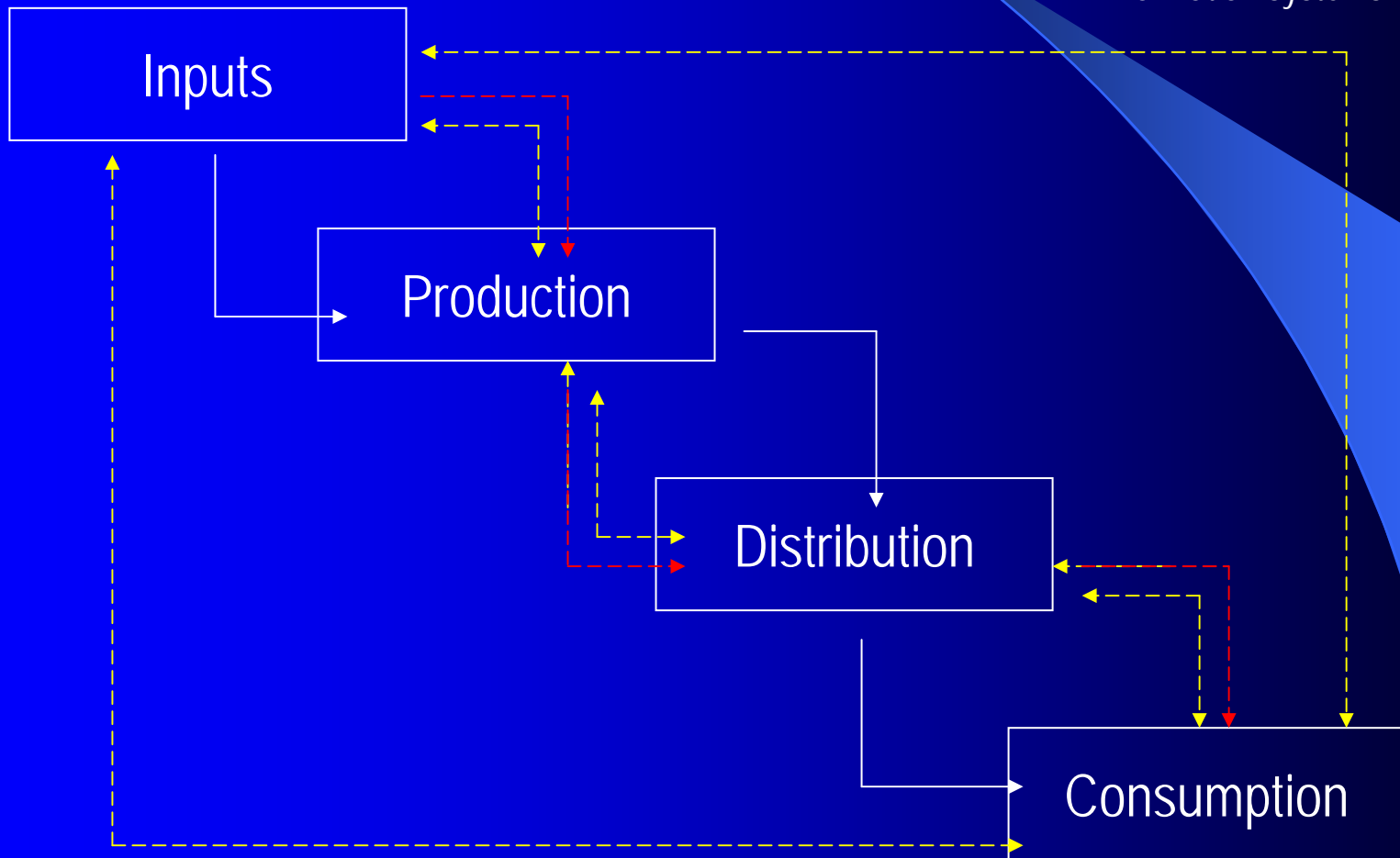
The Relationship Between Liberalization in the Logistics Sector and Trade Facilitation

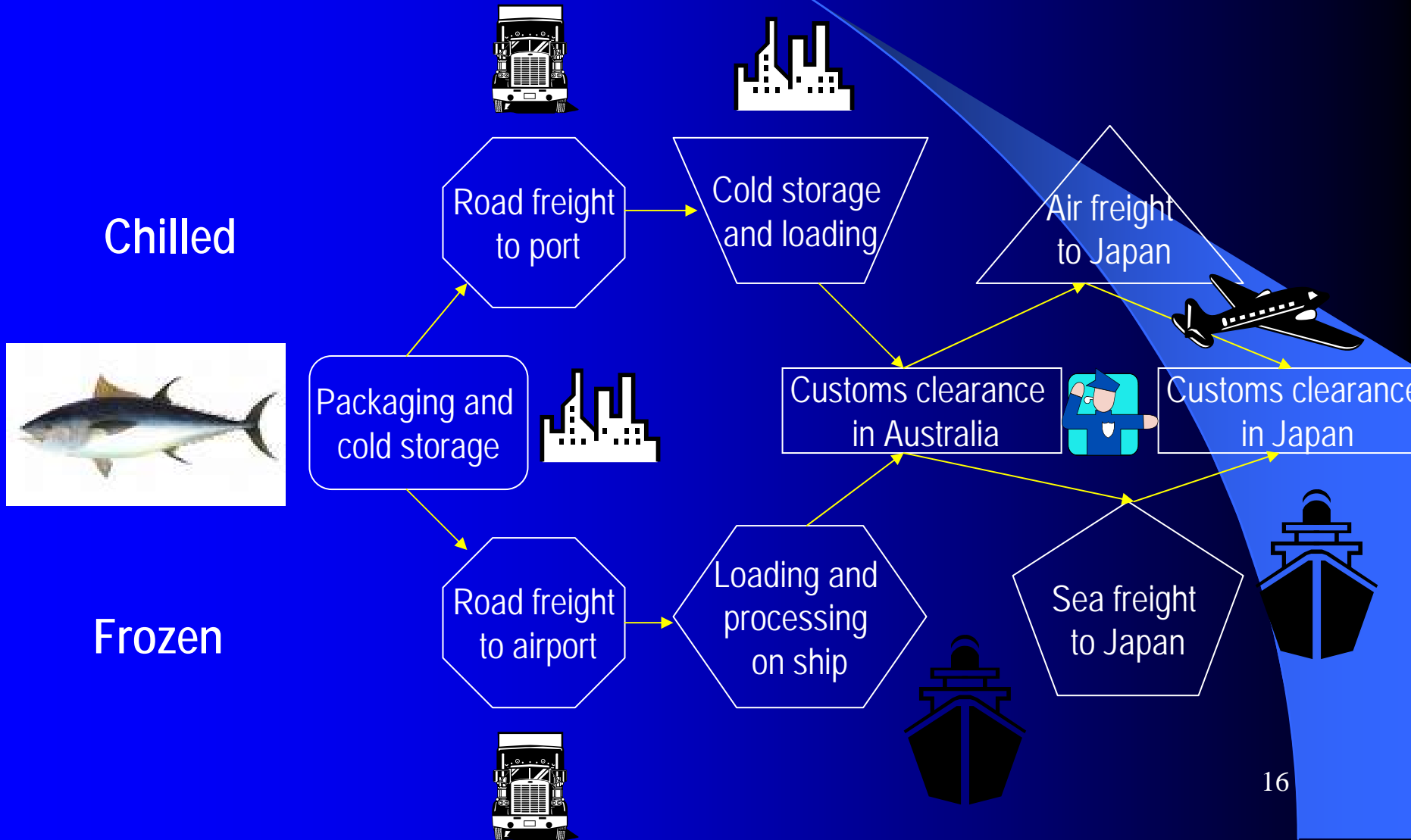
- Case study focussed on factors impacting the export of chilled and frozen tuna from South Australia to markets in Japan
 - Aspects of the logistics supply chain
 - Governmental measures impacting supply of logistics services
 - Special trade facilitation measures applying to the tuna trade
 - The virtuous cycle and policy implications



The Logistics Supply Chain

- Flow of goods
- - - Logistics services
- - - Logistics infrastructure and information systems





Governmental Measures Impacting Supply of Logistics Services

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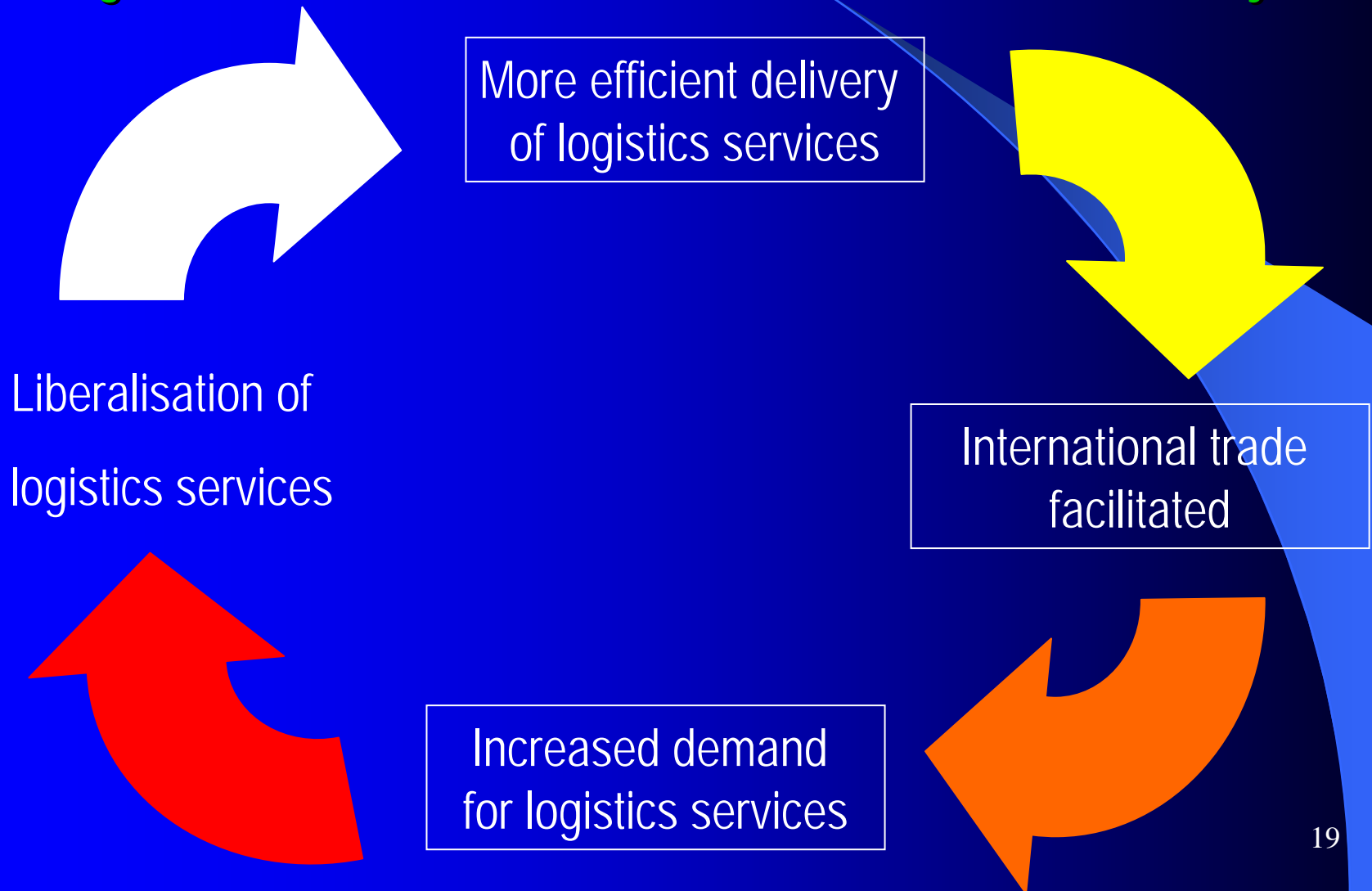


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Special Trade Facilitation Measures Applying to South Australian Tuna

- AQIS “Approved Arrangements” for seafood products
- Food promotion bodies (e.g. “Food Adelaide”)
- Nippon Automated Cargo Clearance System (NACCS)
- Industry considers that involvement of ACS and AQIS helps to enhance competitive advantage rather than to hinder trade

Logistics Services & Trade Facilitation: The Virtuous Cycle



Implications for Developing Countries & Policy Makers

- The importance of efficient logistics services for economic growth
- Acknowledgement of the relationship between logistics liberalization and trade facilitation
- Logistics liberalization and reform of border measures to be undertaken on a complementary basis

Implications for Developing Countries & Policy Makers

- Need to consult all relevant stakeholders (government bodies, suppliers of logistics services, exporters and importers)
- Designing the regulatory framework:
 - Reform measures
 - Striking the balance to achieve prudent regulation
 - Public or private control of logistics infrastructure
 - Prioritization and sequencing

Summary of Conclusions

- Trade facilitation provisions are increasingly recognized as valuable elements of RTAs
 - Prioritization and sequencing recognized as linked to particularities of RTA partners
- Strong relationship between trade facilitation and liberalized environment for logistics services
 - Vitally important that measures in each area be undertaken in conjunction for benefits to be realized