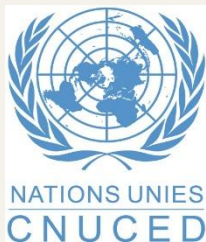


# **Session 12: Compliance for Trade Facilitation**

## ***Harmonization of legal and regulatory framework***

**Celine Bacrot**  
**UNCTAD**



Regional Logistics Expo 2019  
22 August 2019



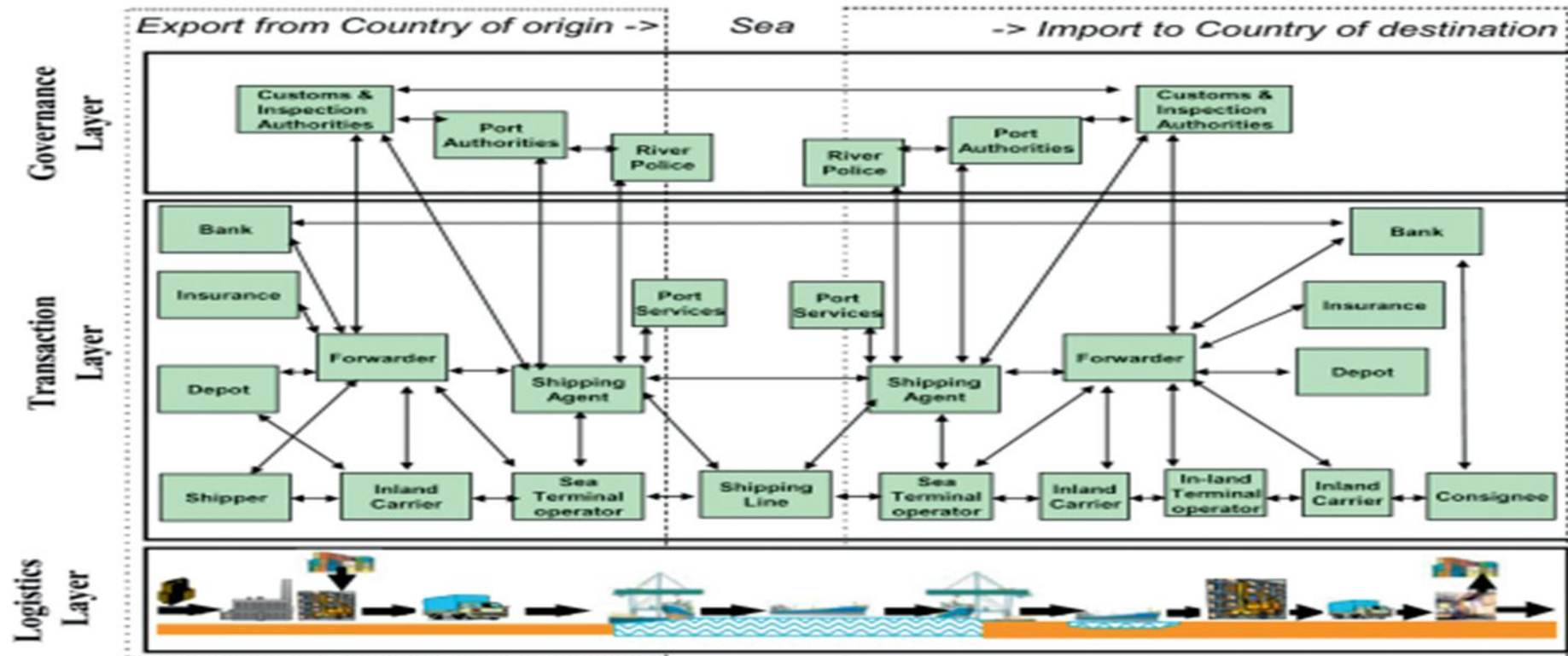
# LOGISTICS AND INTERNATIONAL TRADE

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- **Logistics connect sellers and buyers** across the world and link international markets by across borders. **moving physical goods**
- It is **part of the global value chain** which creates growth, employment and well-being in a country.
- **High-income countries** score, on average, **48% better on logistics** than low-oncome countries (*WB, 2018*)



# INTERNATIONAL TRADE: A MULTITUDE OF STAKEHOLDERS AND PROCEDURES



# A new paradigm in trade facilitation based on compliance

- ✓ The WTO Trade Facilitation Agreement (TFA)
- ✓ The African Continental Free Trade Area (CFTA)
- ✓ The Regional Economic Communities and the Customs Unions
- ✓ The national TF reforms through the NTFCs

From Trade Facilitation towards a **Trade Logistics** perspective built upon on a Public-Private Partnership



# I. Trade Facilitation : Legal and regulatory Framework



# INTERNATIONAL TRADE TRANSACTION PROCESS

## Commercial Procedures



- Establish Contract
- Order Goods
- Advise On Delivery
- Request Payment

## Transport Procedures



- Establish Transport Contract
- Collect, Transport and Deliver Goods
- Provide Waybills, Goods Receipts Status reports

## Regulatory Procedures

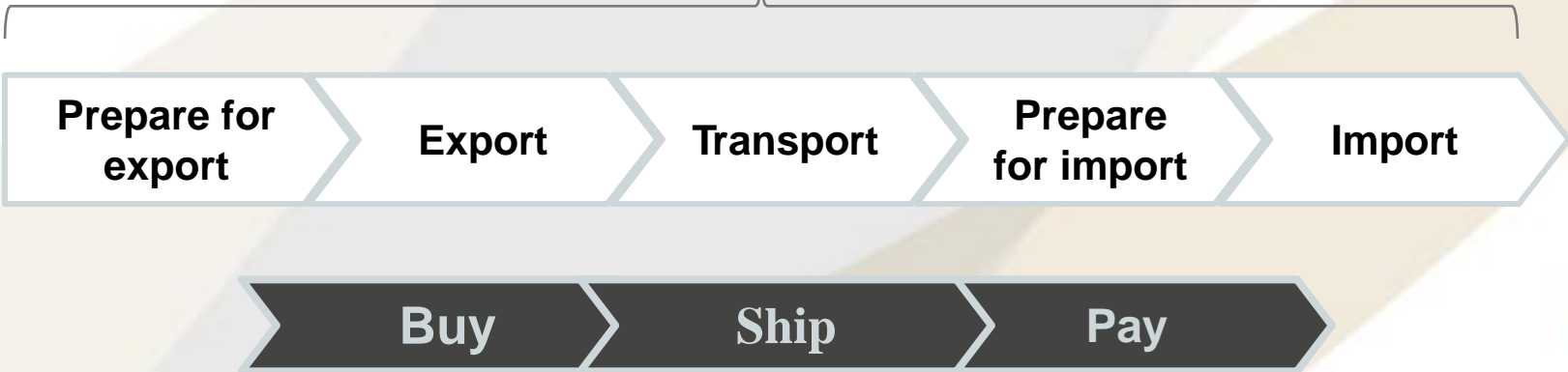


- Obtain Licences etc.
- Provide Customs and Cargo Declarations
- Apply Trade Security Procedures
- Clear Goods for Export/Import

## Financial Procedures



- Provide Credit Rating
- Provide Insurance
- Provide Credit
- Execute Payment
- Issue Statements



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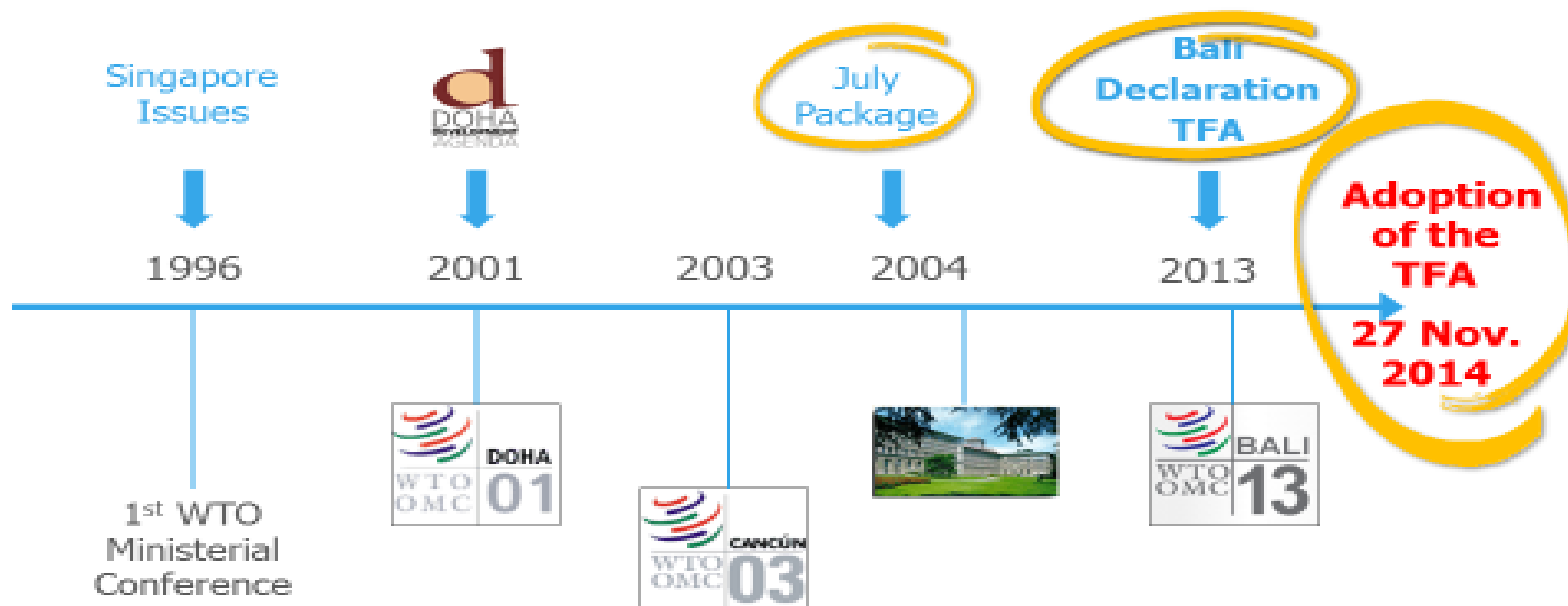


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- Issue Statements

The WTO Trade Facilitation Agreement addresses the border regulatory activities, practices and formalities

# 1. THE WTO TRADE FACILITATION AGREEMENT

## Time Line of TF Negotiations





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**TRADE FACILITATION AGREEMENT  
ENTERED INTO FORCE  
(Ratified by 110 out of 164 WTO Member  
States)**

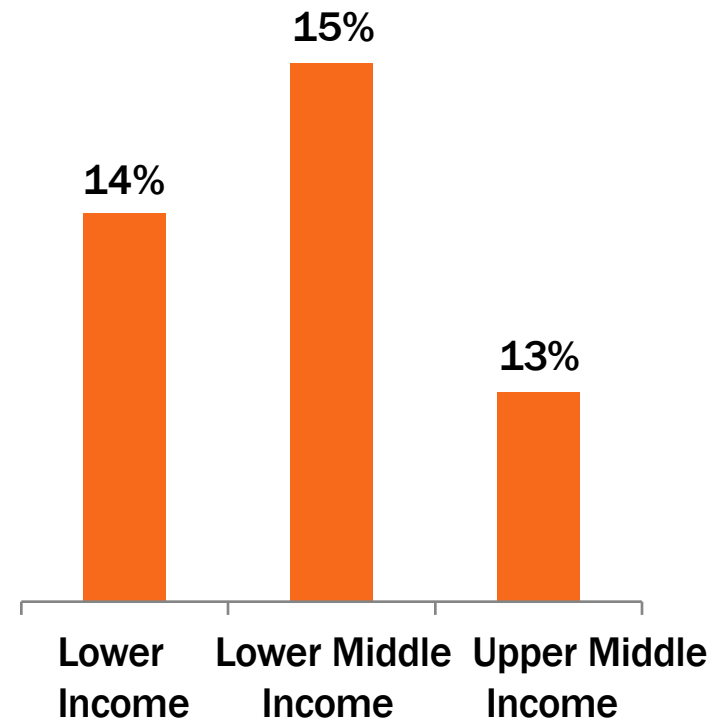
**22 FEBRUARY 2017**



# TFA HAS THE POTENTIAL TO REDUCE INTERNATIONAL TRANSACTION COSTS

**TF measures at the border have a high potential for cost reduction**

**From 13% to 15% depending on countries' income levels**



***Overall potential trade cost reduction by income group***




# WHAT BUSINESSES WANT TO IMPROVE THEIR EXPORTS COMPETITIVENESS


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## What do traders want ?

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 Transparent, accessible and predictable rules and procedures

 Standardized forms

 A single access point for all public services and agencies

## What does the TFA provide ?

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▶ Art. 1 – Easily accessible trade related information  
Art. 3 – Issuance of advanced rulings

▶ Art. 10.3 – International standards to promote uniform documentation and data requirements

▶ Art. 8 – Border agency coordination  
Art. 10.2 – Acceptance of copies  
Art. 10.4 – Establishment of a “single window”



# WHAT BUSINESSES WANT TO IMPROVE THEIR EXPORTS COMPETITIVENESS

## What do traders want ?



Simple, efficient and uniform formalities



A just and rewarding system



Be part of the policy making process



## What does the TFA provide ?

Art. 10.7 – Common border procedure and documentation

Art. 10.1 – Periodic review of formalities

Art. 7.4 – Risk management

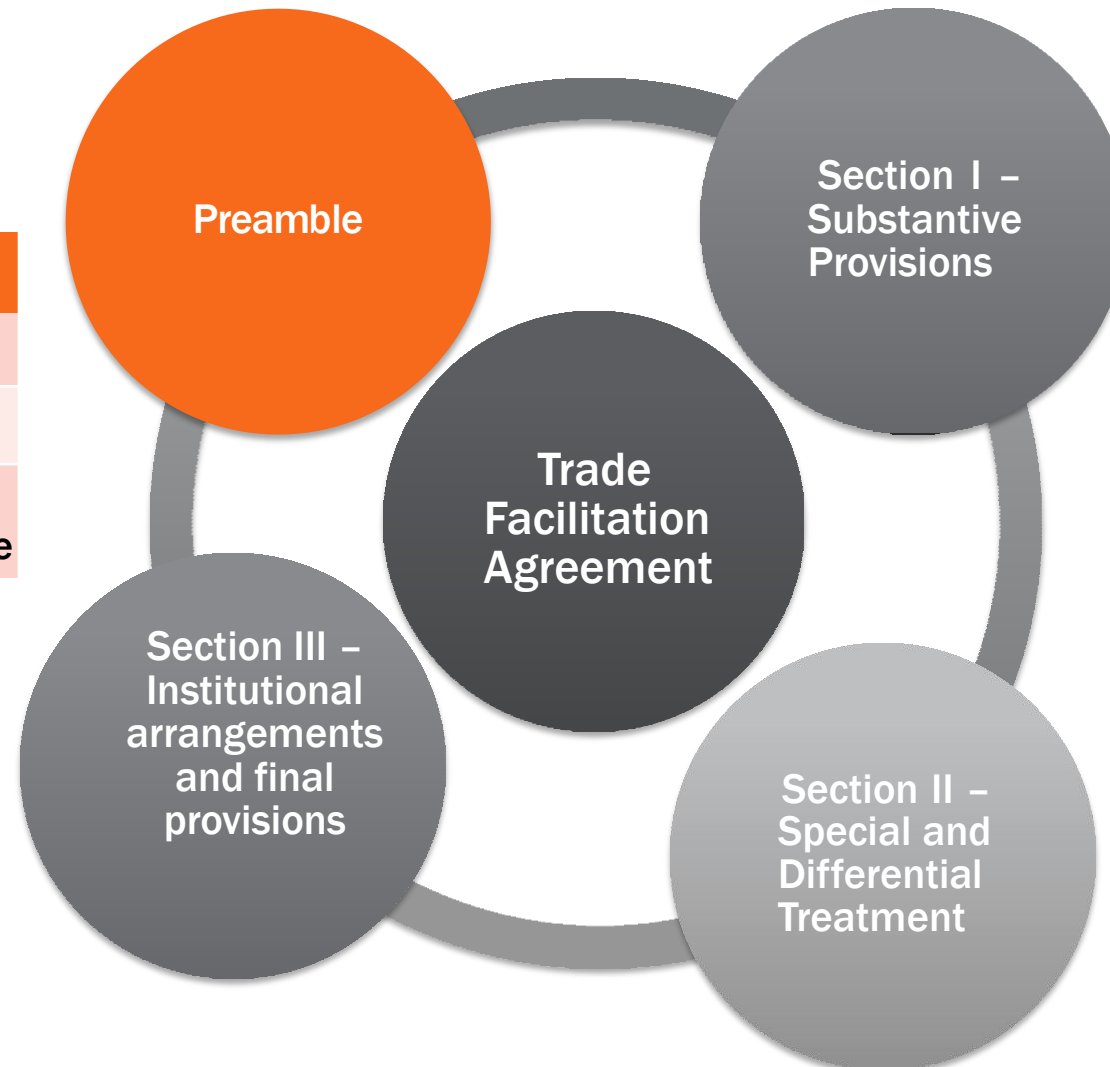
Art. 4 – Procedures for appeal or review Art. 7.7 – Authorized operators

Art. 2 – Opportunity to comment regulations before entry into force and public-private consultation  
Art. 23 – Set-up of NTFC



# THE WTO TFA STRUCTURE

TFA Objectives
Clarify and improve GATT Art. V, VIII and X
Recognize LDCs' particular needs
Recognize the need for cooperation on trade facilitation and customs compliance



# THE WTO TFA - SECTION I : ARTICLES

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## Transparency Articles (1-5)

- 1 - Publication and availability of information
- 2 - Prior publication and consultation
- 3 - Advance Rulings
- 4 - Appeal or Review Procedures
- 5 - Other measures to enhance impartiality, non-discrimination and transparency

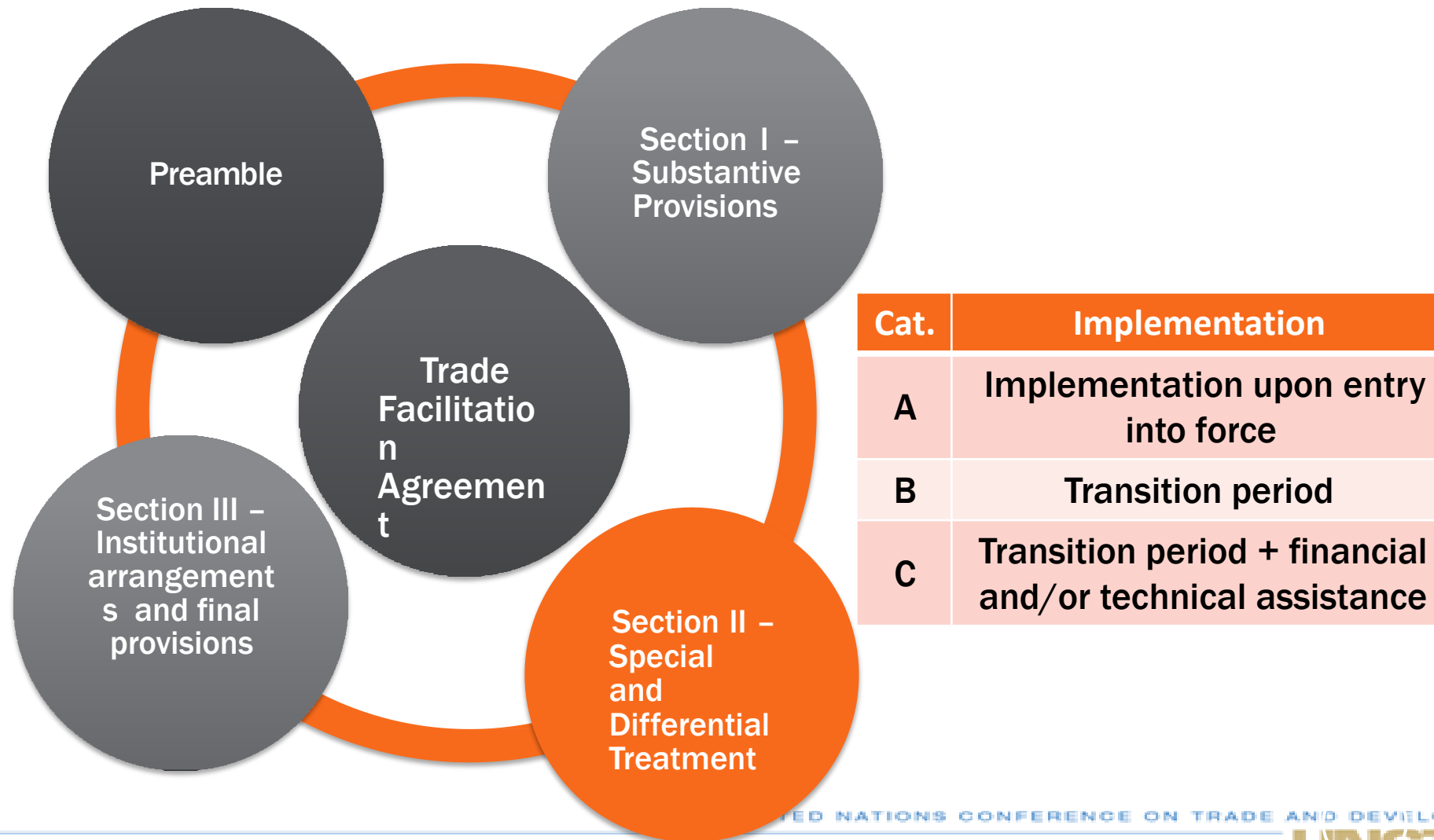
## Fees & Formalities (6- 10)

- 6 - Disciplines on fees and charges imposed on or in connection with importation and exportation
- 7 - Release and clearance of goods
- 8 - Border agency co-operation
- 9 - Movement of goods under customs control intended for export
- 10 - Formalities connected with importation and exportation and transit

## Other provisions

- 11 - Freedom of Transit
- 12 - Customs Cooperation

# THE WTO TFA STRUCTURE – SECTION II



# STATUS OF TFA IMPLEMENTATION

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- In August 2019: Full TFA implementation?
  - 100% developed WTO members
  - 62.7% of developing members
  - 26.8 % of the LDCs



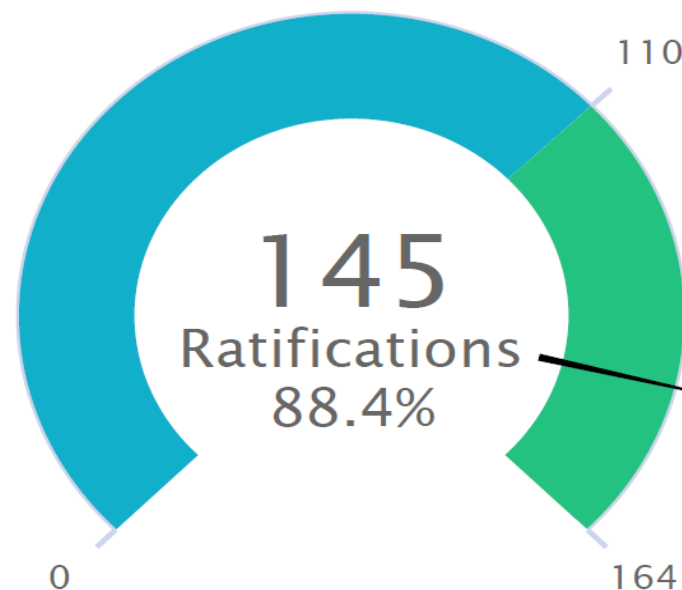


# STATUS OF THE WTO TFA RATIFICATION

## Ratifications



The Trade Facilitation Agreement (TFA) entered into force on 22 February 2017 when the WTO obtained the two-thirds acceptance from its 164 Members.



## 2. The African Continental Free Trade Area

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### Trade Facilitation and the African Continental Free Trade Area (CFTA)

- March 2018: Launching of the CFTA built upon the Regional Economic Communities
- CFTA expected to increase intra-African trade by 52.3% by eliminating import duties.
- The CFTA has an Annex 4 on Trade Facilitation to which UNCTAD has contributed



### 3. The EAC Protocols

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- **EAC Treaty**
- **The EAC Customs Union**
- **EAC Single Customs Territory**
- **EAC Protocol on SPS**
- **OSBP Act**
- **Customs Management Act**
- **EAC Ministerial Declaration on Trade Facilitation**



# UNCTAD Support to EAC

## Dec. 2018: Adoption of the EAC Ministerial Declaration on Trade Facilitation



## II. Benefits of Logistics in Trade Facilitation reforms



## Why logistics operators should comply with trade facilitation obligations?

- **Increased competitiveness of traders**
- **Increased intra-regional trade**
- **increased economic diversification**
- **Increased regional value chains**
- **Improved harmonization / transparency**



**Policy making and logistics are determinants to international trade**

# WHAT IS THE COST OF ADMINISTRATIVE BOTTLENECKS AND TRADE TRANSACTIONS?

- Red tape and administrative barriers accounts for up to 75% of delay of shipments
- Each additional day of delay can reduce trade volume by at least 1% (World Bank)
- Costs of paperwork account for 3.5 – 7% of goods value (OECD). It can be as high as 10 – 15% (UNCTAD).

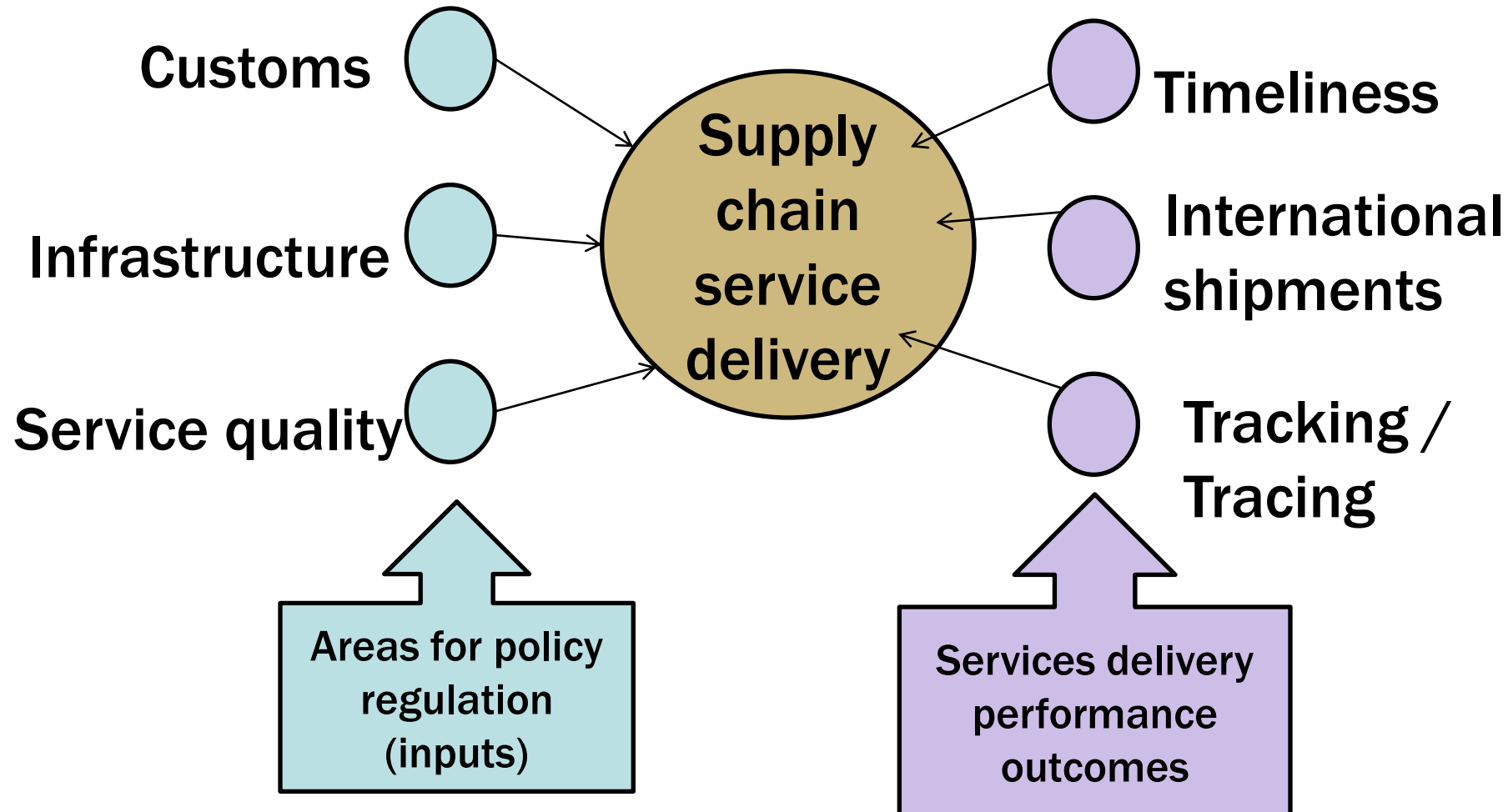


# MAIN REASONS FOR POOR PERFORMANCE IN TRADE PROCEDURES AT THE BORDER

- **Duplication of tasks – poor coordination**
- **Excessive documentary requirements**
- **Inadequate use of IT systems**
- **Limited emphasis on risk management**
- **Excessive inspections on and off border**
- **Corruption**
- **Lack of trained staff**



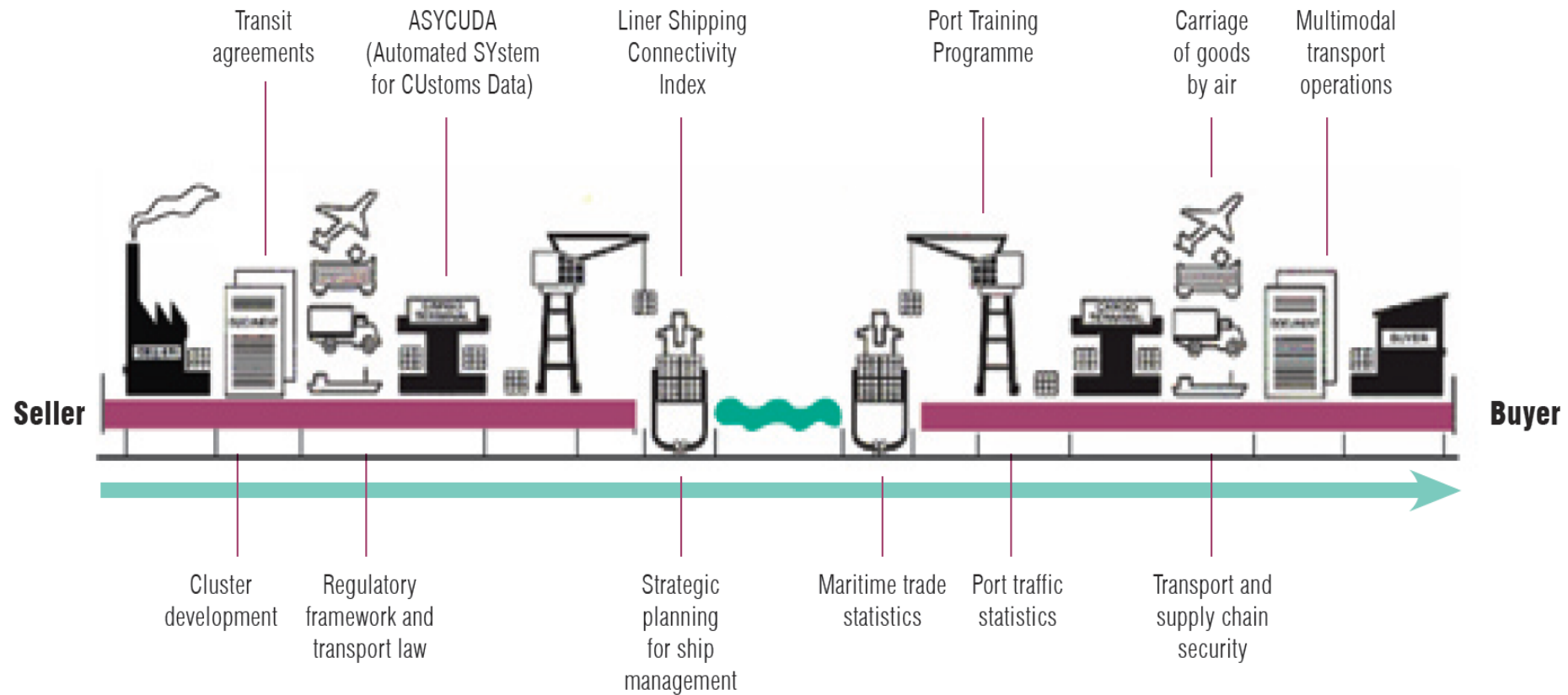
# KEY DETERMINANTS OF LOGISTICS PERFORMANCE: Reliability, Efficiency, Quality



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# III. UNCTAD work with the National Trade Facilitation Committees (NTFCs) and lessons learnt

# Trade Facilitation and Trade Logistics in UNCTAD

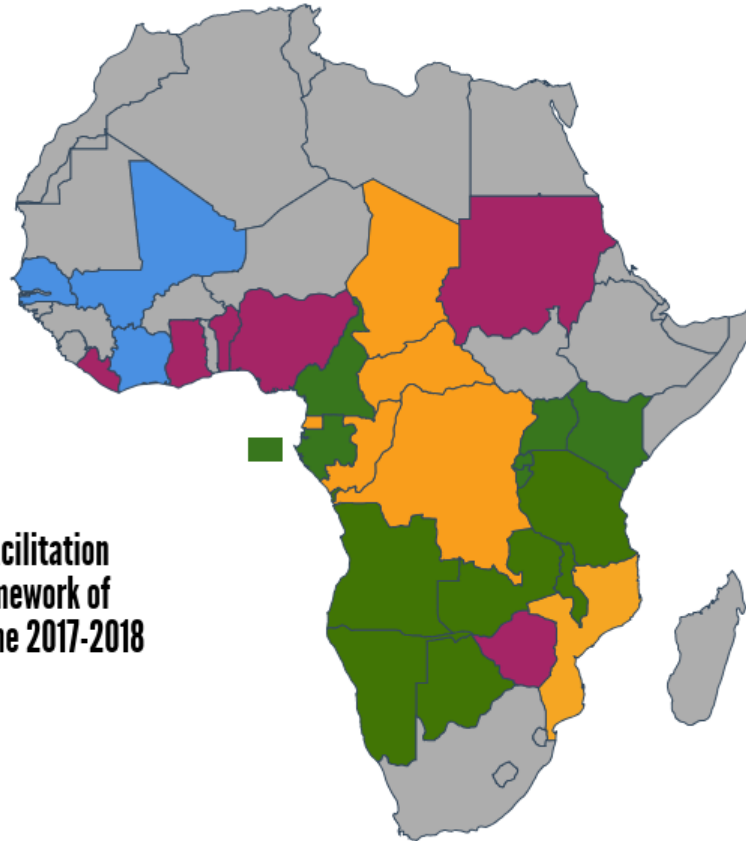


# UNCTAD Empowerment Program for NTFCs in Africa



*in Africa*

-  Empowerment Programme completed
-  Empowerment Programme started in 2017-2018
-  Support to National Trade Facilitation Committees outside the framework of the Empowerment Programme 2017-2018
-  Empowerment Programme starting in 2019



- UNCTAD has assisted the NTFCs in 22 African countries since 2016 and 6 more will be added next year (five ECCAS countries and Mozambique)
- We support the TF processes at all levels (CFTA, RECs, National)



# National Trade Facilitation Committees: A successful Public-Private Partnership

- WTO TFA Obligation to set up a coordinating mechanism (TFA Art 23.2)

## 2 National Committee on Trade Facilitation

Each Member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement.

- NTFCs are composed of public / private stakeholders

# Why logistics operators should get involved in the NTFCs?

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Integration of Logistics operators with network partners and with Government agencies

- Freight forwarders must be networked with partners and in an electronic environment
- Freight forwarders must be connected to clearance systems
- How does the Logistics Industry engage and promote trade and transport facilitation policy
- Training and capacity building accessible to the NTFCs' members

## Conclusion

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**Logistics operators should be more involved in policy making by getting active in the NTFCs.**

**Compliance to Trade Facilitation Agreements contributes to improve trade efficiency / competitiveness in an increased intra-regional trade**



# Thank you

# UNCTAD

PROSPERITY FOR ALL

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**Division on Technology and Logistics  
Trade Logistics Branch  
Trade Facilitation Section**

[www.unctad.org/TTL](http://www.unctad.org/TTL)

