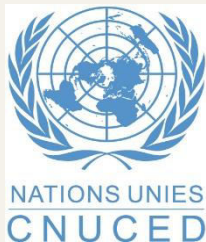


# **Session 12: Compliance for Trade Facilitation**

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

**Celine Bacrot**  
**UNCTAD**



Regional Logistics Expo 2019  
22 August 2019



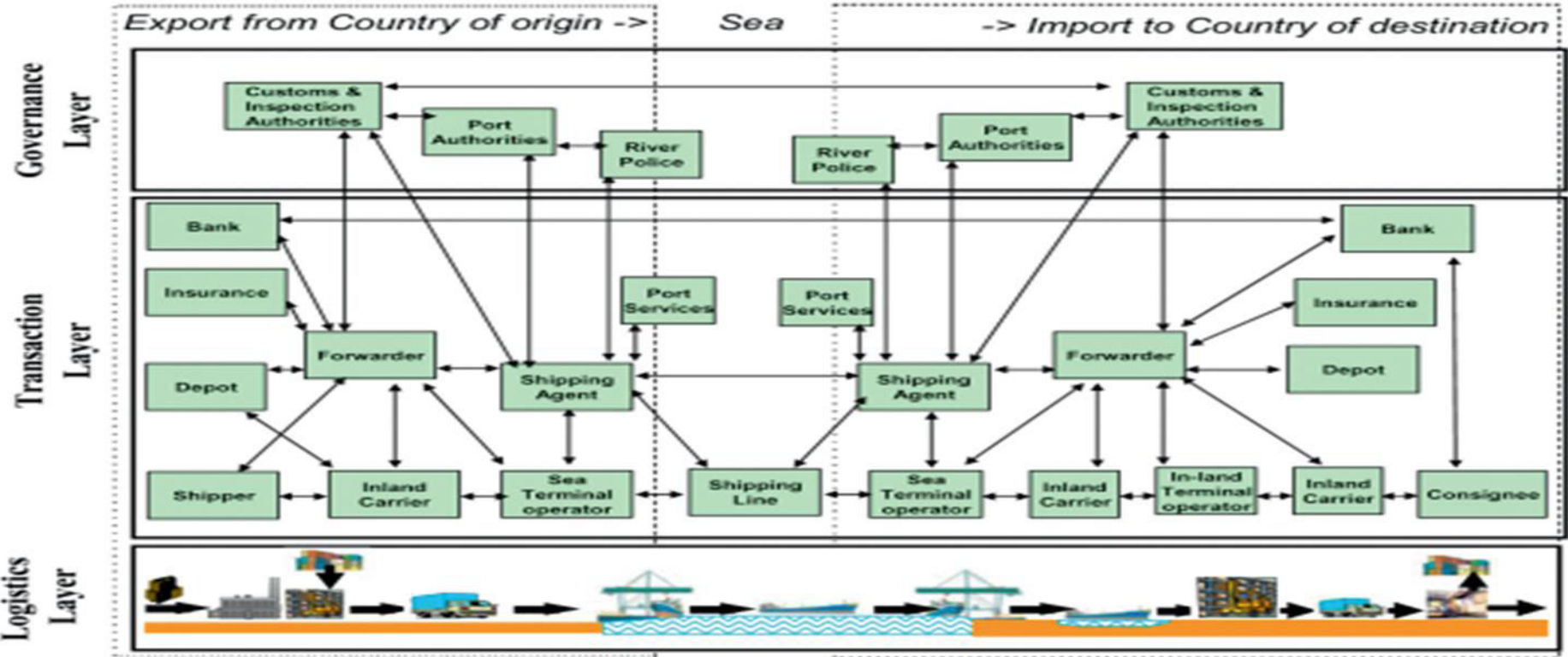
# LOGISTICS AND INTERNATIONAL TRADE

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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-income 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

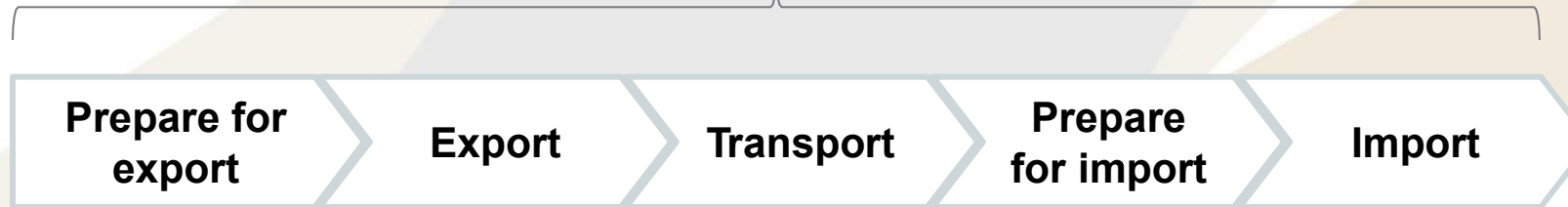


- Obtain Licences etc.
- Provide Customs and Cargo Declarations
- Apply Trade Security Procedures
- Clear Goods for Export/Import

## Financial Procedures



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



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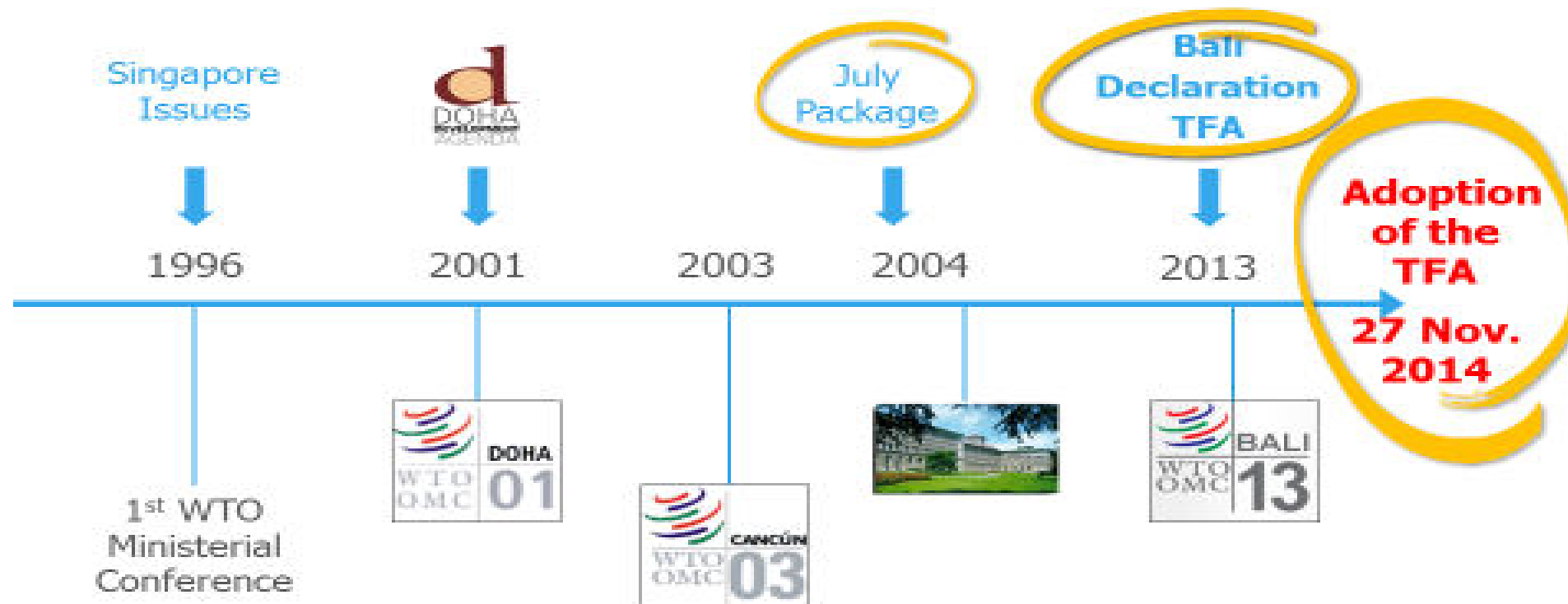


- Provide Credit Rating
- Provide Insurance
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The WTO Trade Facilitation Agreement addresses the border regulatory activities, practices and formalities

# 1. THE WTO TRADE FACILITATION AGREEMENT

## Time Line of TF Negotiations





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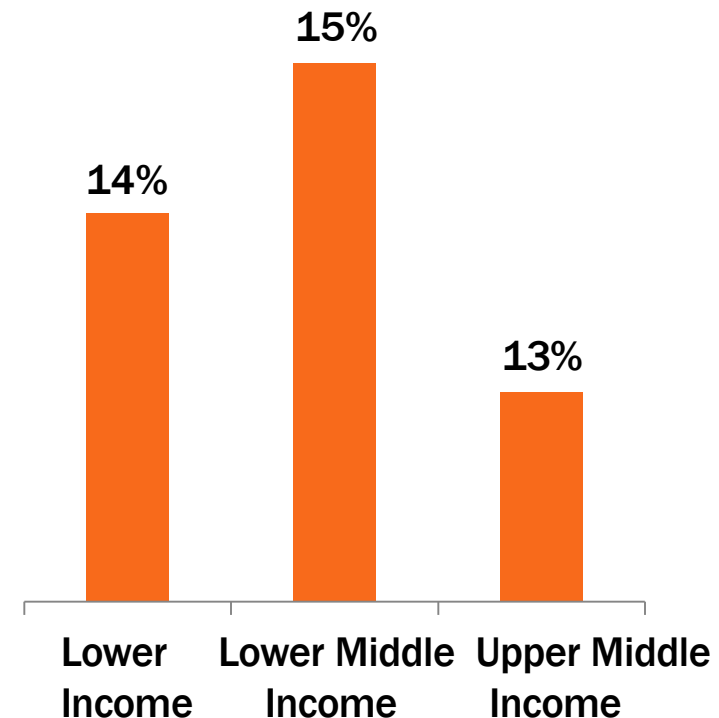
**TRADE FACILITATION AGREEMENT  
ENTERED INTO FORCE  
(Ratified by 110 out of 164 WTO Member  
States)**

**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

## What do traders want ?



Transparent, accessible and predictable rules and procedures



Standardized forms



A single access point for all public services and agencies

## What does the TFA provide ?



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

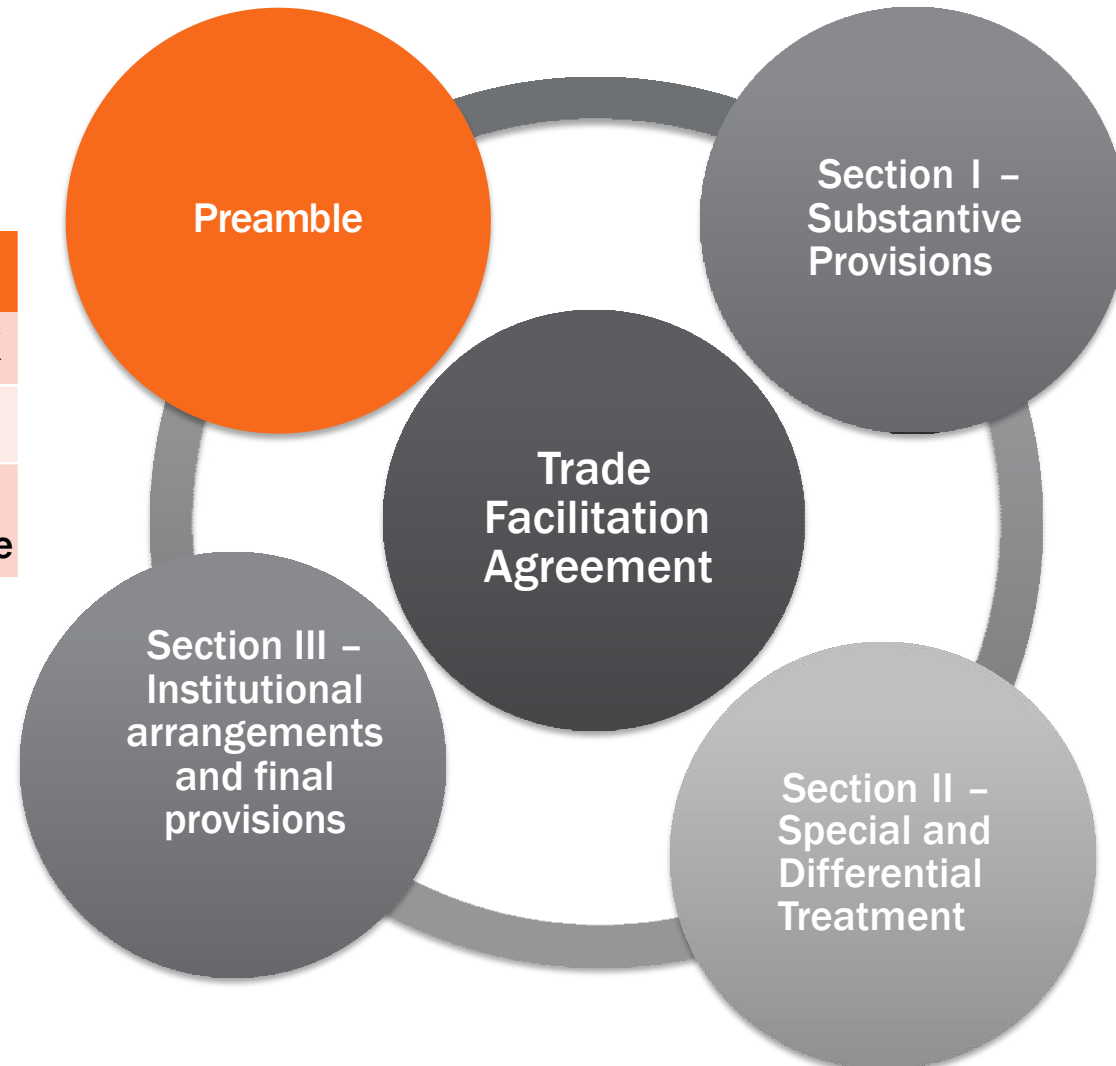
Art. 4 – Procedures for appeal or review Art. 7.7 – Authorized operators

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)

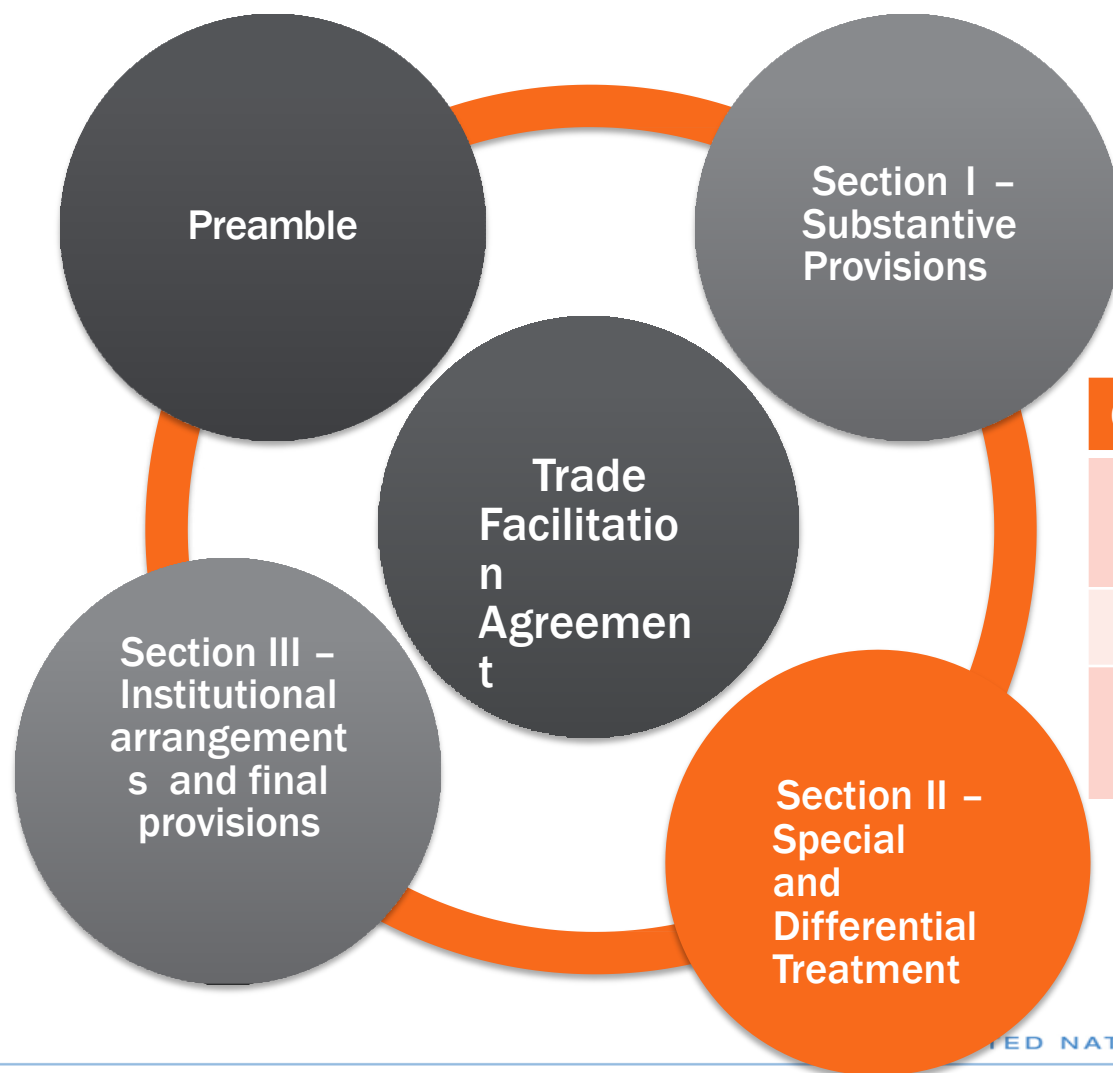
- 6 - Disciplines on fees and charges imposed on or in connection with importation and exportation
- 7 - Release and clearance of goods
- 8 - Border agency co-operation
- 9 - Movement of goods under customs control intended for export
- 10 - Formalities connected with importation and exportation and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

## Other provisions

- 11 - Freedom of Transit
- 12 - Customs Cooperation



# THE WTO TFA STRUCTURE – SECTION II



Cat.	Implementation
A	Implementation upon entry into force
B	Transition period
C	Transition period + financial and/or technical assistance



## 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





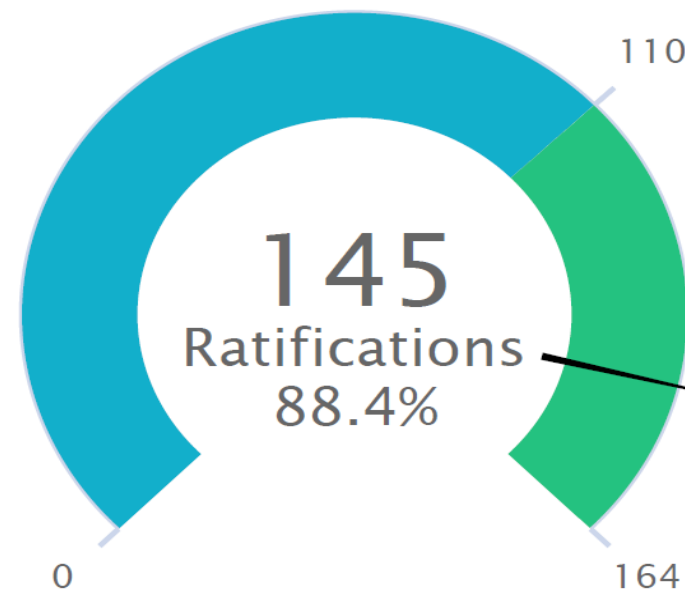
# STATUS OF THE WTO TFA RATIFICATION

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## 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**



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



   
**Ministerial Declaration on Trade Facilitation in the EAC**

We, the Ministers of Trade of the EAC Partner States,  
Having met in Nairobi on 13 December 2018 on the occasion of the Ministerial Retreat on Trade Facilitation in the EAC, co-organized by UNCTAD, TradeMark East Africa and the East African Community Secretariat,  
Recognizing the importance of trade facilitation for economic growth and -regional integration in East Africa,  
Reaffirming our strategic leadership to the success of the trade facilitation reforms which require alignment and harmonization of policies in the EAC,  
Reconfirming the national commitments to implement the EAC Customs Union and the Single Customs Territory, the EAC Partner States commit to accelerate the implementation of the regional decisions and domesticate them into their national laws and constitutions in a smooth, and rapid way in order to achieve the objectives of an integrated market,  
Recognizing the specific context of each EAC Partner State, the principle of asymmetry in the implementation of the trade facilitation agenda could be justified as long as it maintains the regional and the collective interests of the EAC region,  
Noting that Trade Facilitation aims to streamline, simplify and standardize trade-related and customs procedures and operations, thereby reducing the time and cost of moving goods across borders thus being a key determinant to the competitiveness and prosperity of the EAC economies,  
Commending the efforts of the East African Community in trade facilitation and intra-regional trade implementation to maintain a steady and sustainable path on economic growth and a full implementation of the regional protocols enhancing coordination and unification of our trade markets through a collective thought and aspirations about the trade facilitation strategy at both national and regional levels,  
Recalling the legal Declaration on the launching of the African Continental Free Trade Area as the ultimate objective of the African continent,

Adopt the following Declaration  
The EAC Partner States agree to advance the trade facilitation agenda in the EAC countries and the regional Protocols through a strong political commitment to implement decisions concerning trade facilitation and intra-regional trade,  
We agree to promote and support through political actions and necessary investment the full implementation of the trade facilitation reforms and reduce the Non-Tariff Barriers impeding trade transactions in the EAC region

## II. Benefits of Logistics in Trade Facilitation reforms



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

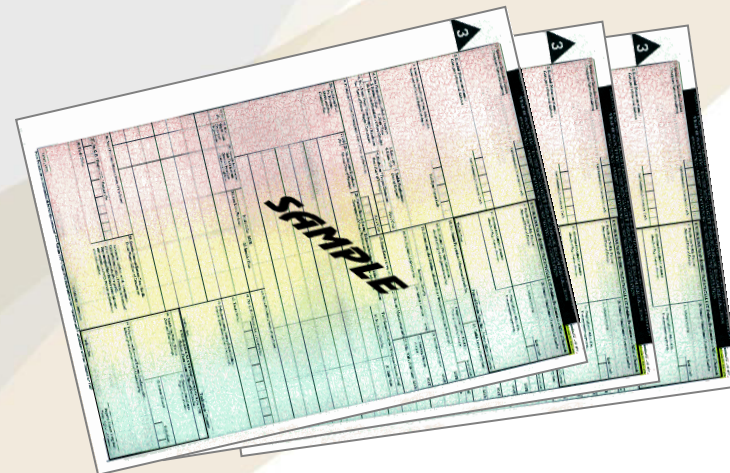
- **Increased competitiveness of traders**
- **Increased intra-regional trade**
- **increased economic diversification**
- **Increased regional value chains**
- **Improved harmonization / transparency**



**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).

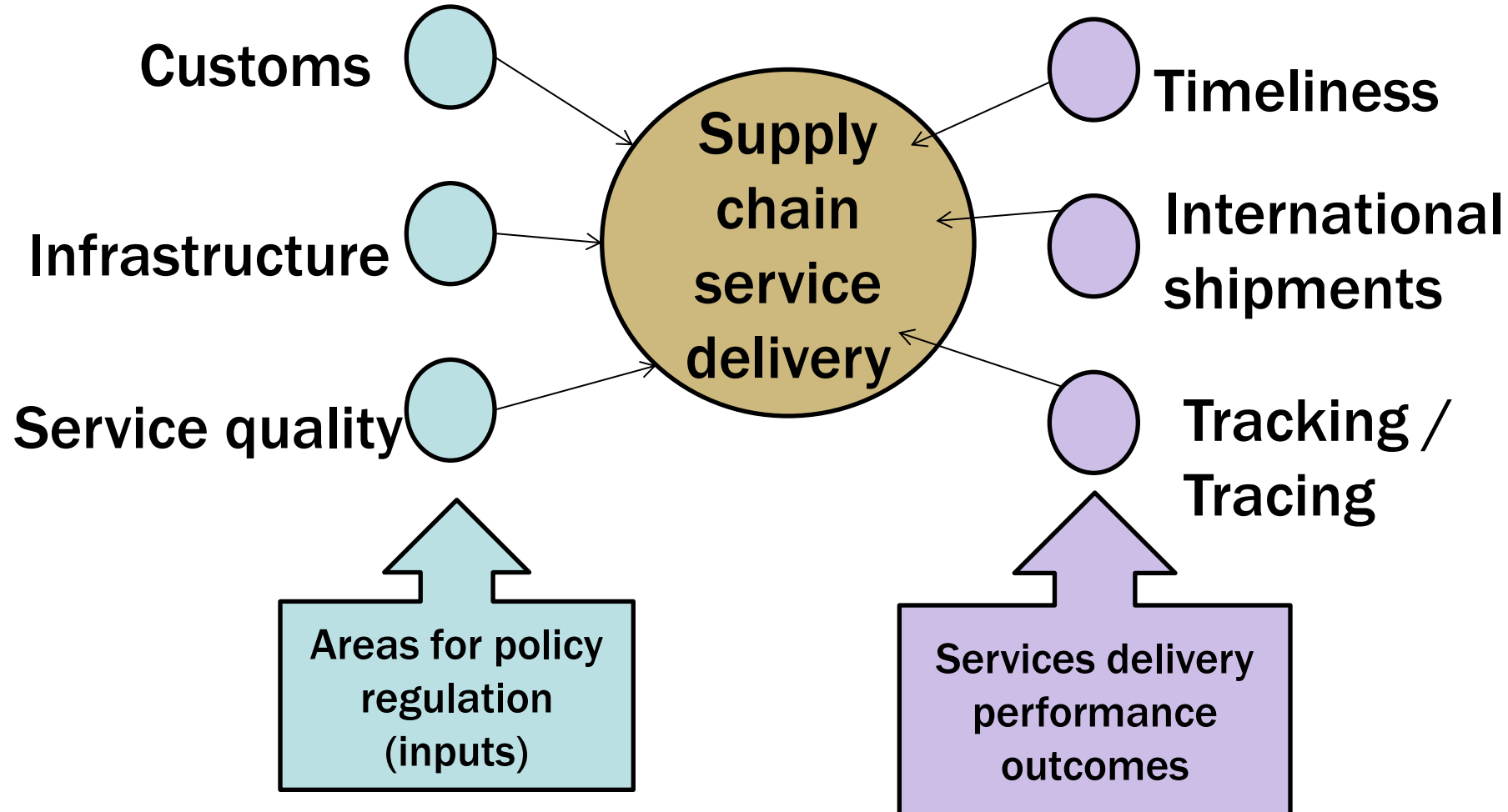


# MAIN REASONS FOR POOR PERFORMANCE IN TRADE PROCEDURES AT THE BORDER

- **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**



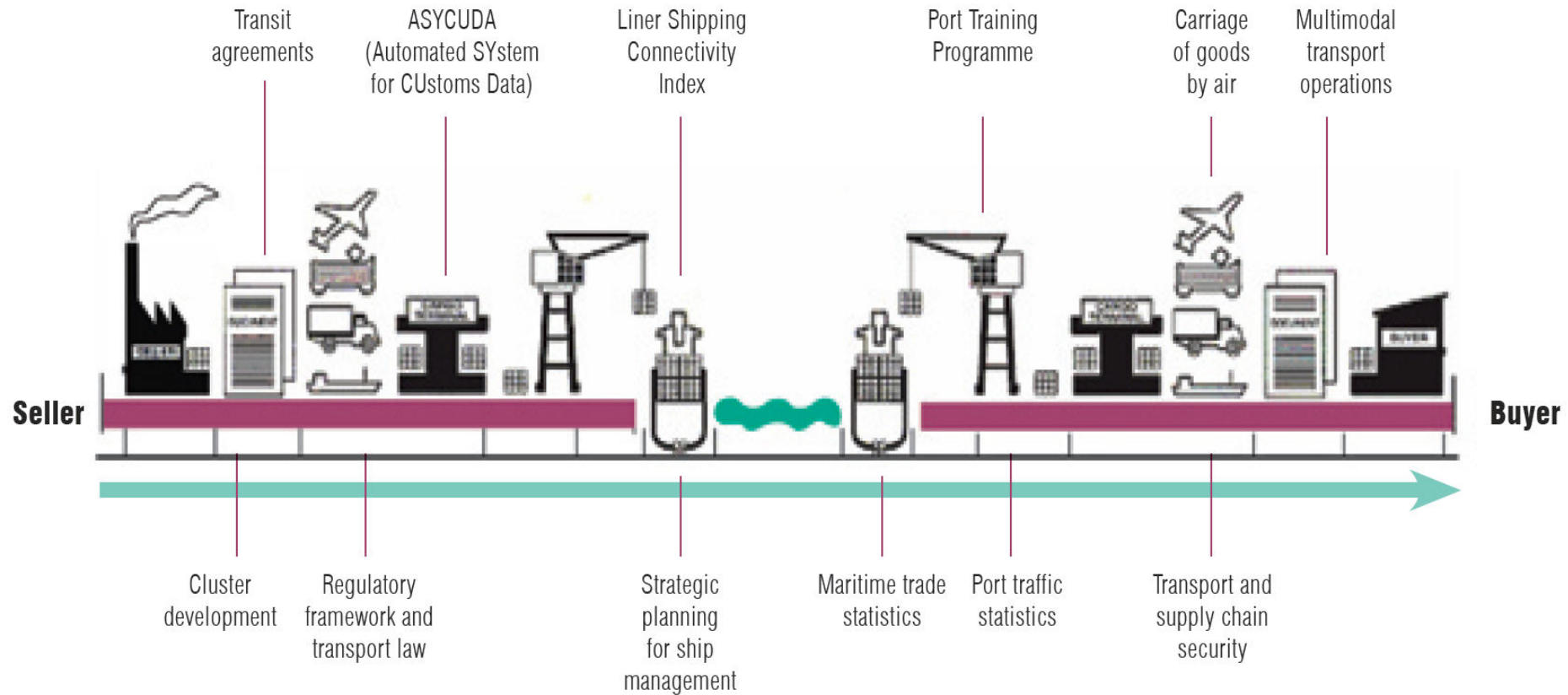
# KEY DETERMINANTS OF LOGISTICS PERFORMANCE: Reliability, Efficiency, Quality



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

# Trade Facilitation and Trade Logistics in UNCTAD

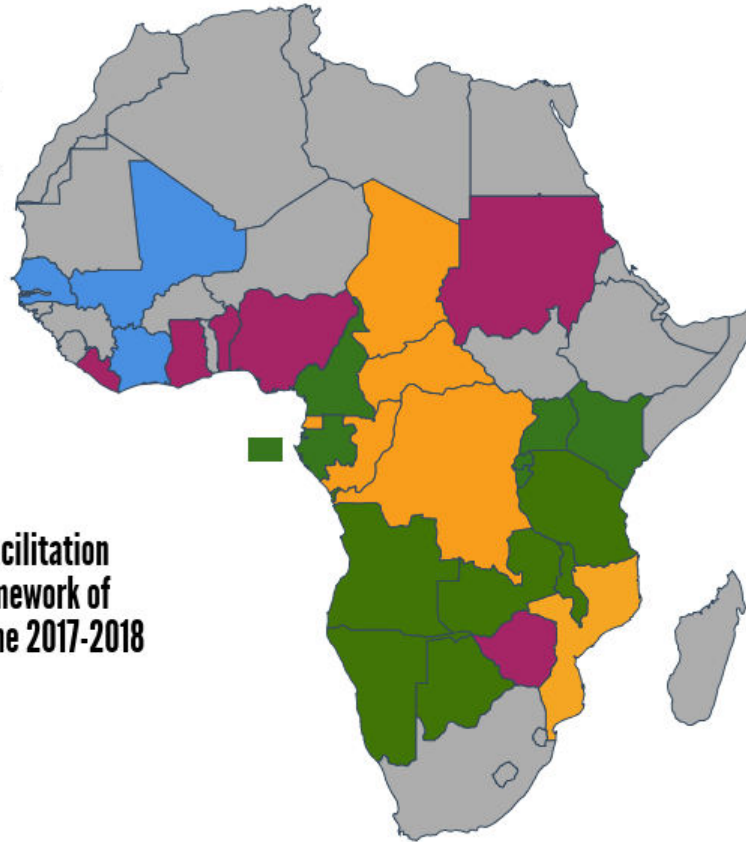


# UNCTAD Empowerment Program for NTFCs in Africa



*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

**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)**

