
WTO AGREEMENT ON TRADE FACILITATION

World Trade Organization (WTO)



- Successor to 1947 GATT regime
- International Organization embodied in the results of the Uruguay Round
- Established: 1 January 1995
- Member driven (162 Members)
- Decision making by consensus
- Serviced by WTO Secretariat - 600+ staff
- Based in Geneva

WTO AGREEMENTS

Umbrella	Agreement establishing WTO		
Subject areas	Goods	Services	IP
Basic principles	GATT	GATS	TRIPs
Additional details	Agriculture, SPS, TBT, TRIMs, AD, VAL, PSI, RO, IL, CVD, SG	Movement of natural persons, air transport, financial services, shipping, telecommunication	
Market access commitments	Countries' schedules of commitments	Countries' schedules of commitments (and MFN exemption)	
Dispute settlement	Dispute Settlement Understanding		
Transparency	Trade Policy Review Mechanism		

GATT/WTO agreements

- ✓ Non-discrimination (MFN, national treatment)
- ✓ Freer trade (progressive trade liberalisation)
- ✓ Predictability (binding and transparency)
- ✓ Fairer competition
- ✓ Development and economic reform (S&D)
- ✓ Dispute settlement understanding (DSU)
- ✓ Possible discriminatory tariff retaliation/QR retaliation

WTO AGREEMENT ON TRADE FACILITATION

- In December 2013, WTO members concluded negotiations on a Trade Facilitation Agreement at the Bali Ministerial Conference, as part of a wider “Bali Package”.
- On 27 November 2014 WTO members adopted a Protocol of Amendment to insert the new Agreement into Annex IA of the WTO Agreement.
- The Trade Facilitation Agreement will enter into force once two-thirds of members have completed their domestic ratification process.
- ***The Trade Facilitation Agreement contains***
 - provisions for expediting the movement, release and clearance of goods, including goods in transit.
 - It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.
 - It further contains provisions for technical assistance and capacity building in this area.

STRUCTURE OF THE TFA



Section I

The TFA contains 12 Articles) with approximately 40 “technical measures” (Articles 1 - 12)



Section II

Special provisions for developing and least-developed country Members (Articles 13 – 22)



Section III

Final provisions and institutional arrangements (Articles 23 – 24).



SECTION I

THE TRADE FACILITATION AGREEMENT CONTAINS 12 ARTICLES WITH APPROXIMATELY 40 “TECHNICAL MEASURES”



Article 1
Publication & Availability
of Information



Article 5
Measures to Enhance
Impartiality, Non-Discrimination
& Transparency



Article 9
Movement under
Customs Control



Article 2
Comment
and Consultations



Article 6
Disciplines on Fees
and Charges



Article 10
Import, Export
& Transit Formalities



Article 3
Advance
Rulings



Article 7
Release and Clearance
of Goods



Article 11
Freedom
of transit



Article 4
Procedures for
Appeal or Review



Article 8
Border Agency
Cooperation



Article 12
Customs
Cooperation



Section II

Special provisions for developing and least-developed country Members



Category A

Developing: To be implemented at the time of TFA entering into force

LDCs: To be implemented within one year of TFA entering into force



Category B

To be implemented after a transitional period following the entry into force of the TFA



Category C

To be implemented after a transitional period and requiring the acquisition of assistance and support for capacity building



SECTION III

FINAL PROVISIONS AND INSTITUTIONAL ARRANGEMENTS

Article 23

1. Committee on TF:

It will oversee the implementation of the TFA

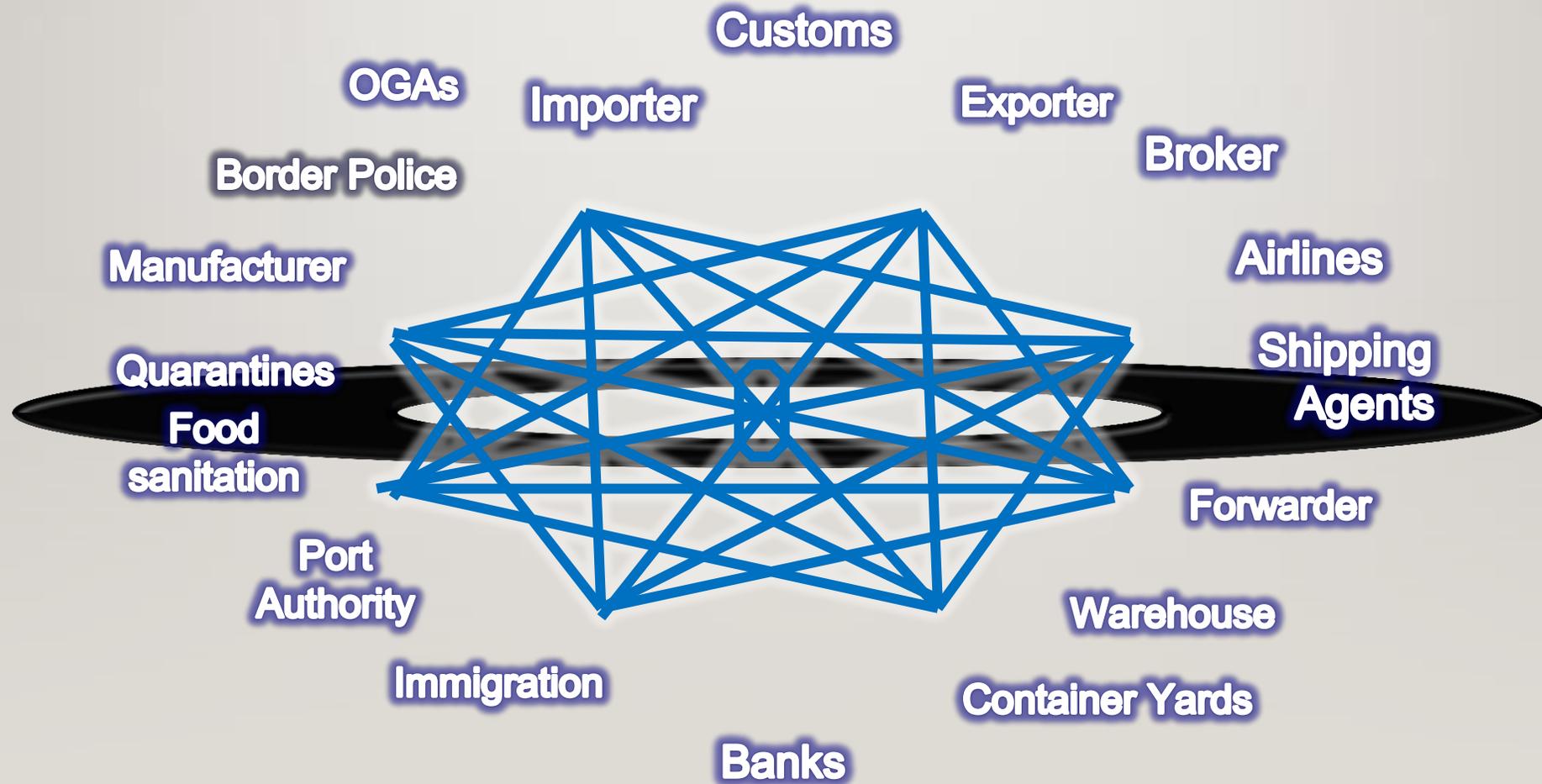
2. National Committee: Each Member shall establish (or maintain) a national committee



THE NEED FOR A MULTILATERAL AGREEMENT ON TRADE FACILITATION



International Trade; Stake holders



PROBLEMS FACED BY INTERNATIONAL TRADE

- ✓ Excessive documentation requirements
- ✓ Inefficient border-crossing procedures
- ✓ Transport and transit impediments
- ✓ Lack of transparency and predictability
- ✓ Lack of cooperation and coordination
- ✓ Lack of automated processes and scarce use of information technology
- ✓ High administrative costs



IMPACT OF THE PROBLEMS



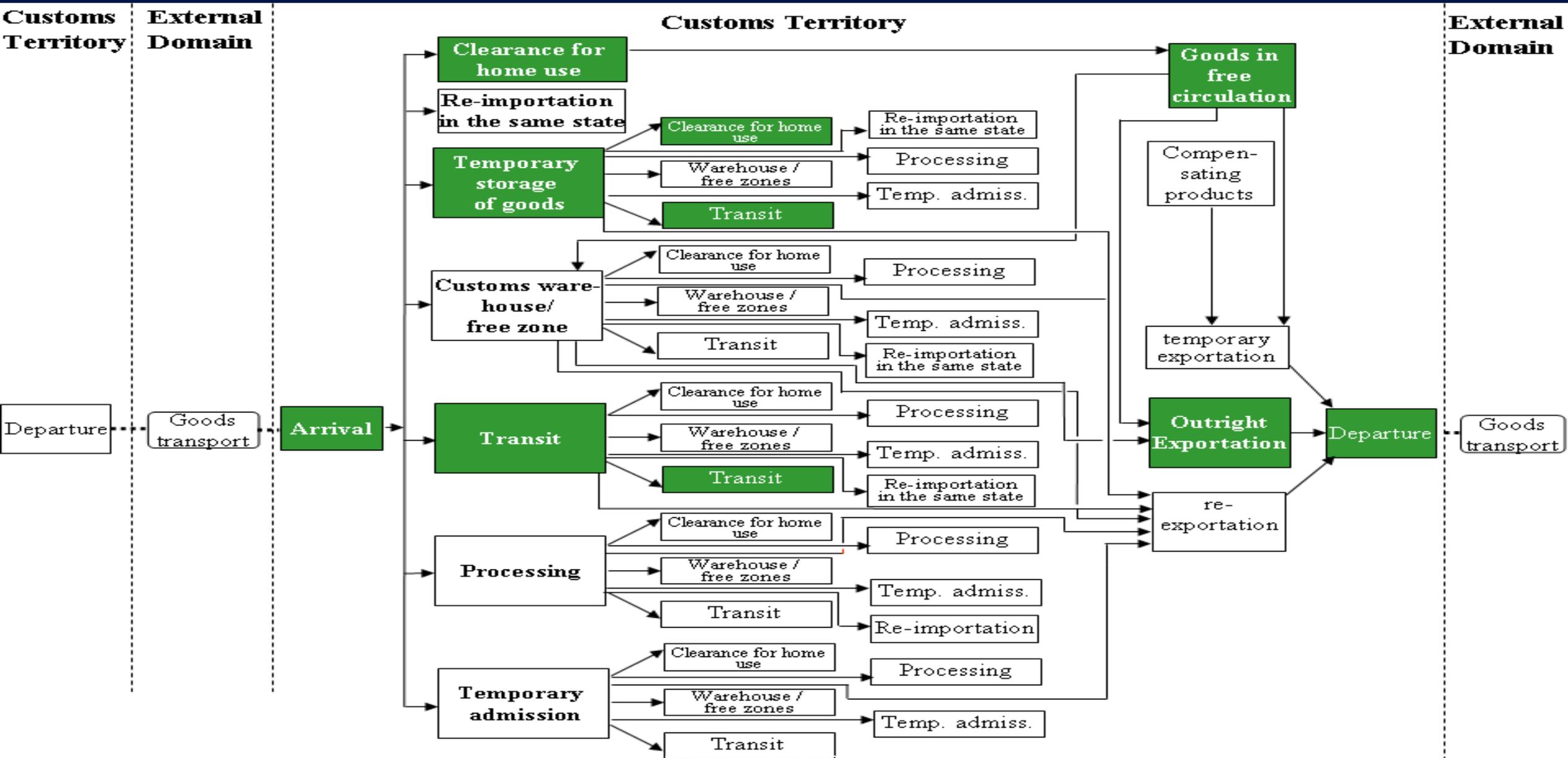
**9 billion documents
each year to process
movement of goods!**



1 day clearance \approx 1 % tariff

- ✓ Companies sometimes spend more money complying with customs regulations than the amount earned in revenue by Customs

Customs Procedures in an international trade transaction



Customs procedures and time taken for transactions

Customs transactions vary widely from country to country. In 2014, these transactions involved:

← EXPORT →



2-11
documents



6-86
days

→ IMPORT ←



2-17
documents

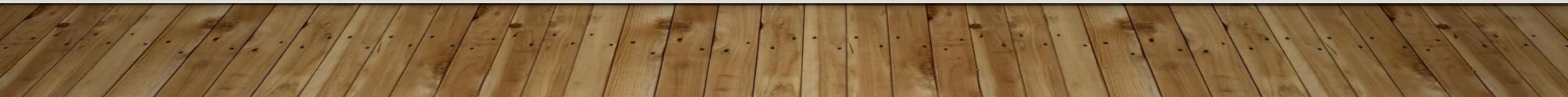


4-130
days

Source: World Bank "Doing Business" project, 2015.

	AVG No. of documents required to import goods	No. of days to comply with all export and import procedures	
East Asia & Pacific	7.1	23.1	24.3
CEECAC	7.8	26.8	28.4
Middle East & North Africa	7.4	22.5	25.9
OECD	4.9	10.5	11.0

Source: World Bank, Doing Business 2010



Need for WTO Rules for Facilitating Trade

- **GATT Articles V, VIII and, X contain** provisions to enhance transparency and set minimum procedural standards for transit, publication, fees and Customs formalities
- Lacked *specific provisions* relating to those provisions
- WTO ATF contains provisions for simplification, harmonization, automation specifically for procedures related to importation and exportation thereby expediting the movement, release and clearance of goods

BENEFITS OF THE AGREEMENT

- ✓ Reduction of total trade costs *(OECD Trade Policy Working Paper, No. 144, 2013)*
 - 14.5% for low income countries
 - 15% for lower-middle income countries
 - 13.2% for upper-middle income countries
- ✓ Cost reduction potential of almost 10% of trade cost *(OECD Trade Policy Working Paper, No. 118, 2011)*
- ✓ Up to two-thirds of the total gains to be obtained by developing countries
(OECD TD/TC/WP(2003)31/FINAL)

TFA & GATT ARTICLES

GATT	TFA
	Art. 1 Publication and availability of information
	Art. 2 Opportunity to comment, information before entry into force, and consultations
Art. X Transparency	Art. 3 Advance rulings
	Art. 4 Procedures for appeal or review
	Art. 5 Other measures to enhance impartiality, non discrimination and transparency
Art. VIII Fees and formalities	Art. 6 Disciplines on fees and charges imposed on or in connection with import and export and penalties
	Art. 7 Release and clearance of goods
	Art. 8 Border agency cooperation
	Art. 9 Movement of goods intended for import under Customs control
	Art. 10 Formalities connected with importation, exportation and transit
Art. V: Freedom of transit	Art. 11 Freedom of transit
	Art. 12 Customs cooperation

ILLUSTRATIONS OF TFA PROVISIONS THAT ARE RELEVANT TO CUSTOMS



ARTICLE 1: PUBLICATION & AVAILABILITY OF INFORMATION

1. Publication
2. Information available through Internet
3. Enquiry Points
4. Notification





ARTICLE 3: ADVANCE RULINGS

Advance Ruling is

- ✓ A written decision provided by a Member to an applicant prior to the importation of goods at the request of the applicant
- ✓ Mandatory for tariff classification and origin (Art.3.9) & encouraged for customs value
- ✓ To be delivered in a reasonable, time bound manner
- ✓ Binding on that Member in respect of the applicant that sought the ruling



ARTICLE 7: RELEASE & CLEARANCE OF GOODS (1)



1.
**Pre-arrival
processing**



2.
**Electronic
payment**



3.
**Separation of
release from
final
determination**



4.
**Risk
Management**



ARTICLE 7: RELEASE & CLEARANCE OF GOODS (2)



5.
**Post-
clearance
audit**



6.
**Average
release time**



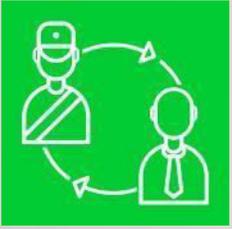
7.
**Trade
Facilitation
Measures for
Authorized
Operators**



8.
**Expedited
Shipments**



9.
**Perishable
Goods**



ARTICLE 8: BORDER AGENCY COOPERATION



Encourage all border authorities & agencies to cooperate:

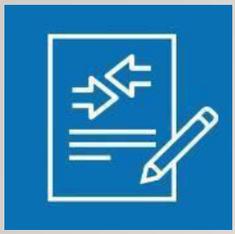
- Alignment of: working days and hours, procedures, and formalities
- Development and sharing of common facilities
- Joint controls
- Establishment of one stop border post control



ARTICLE 9: MOVEMENT OF GOODS UNDER CUSTOMS CONTROL INTENDED FOR IMPORT

Allow goods intended for import to be moved within its territory under customs control from a customs office of entry to another customs office in its territory from where the goods would be release or cleared.





ARTICLE 10: FORMALITIES, PROCEDURES AND DOCUMENTATION

Provisions relating to

- ✓ Formalities and documentation Requirements
- ✓ Acceptance of Copies
- ✓ Use of International Standards
- ✓ Single Window
- ✓ Pre-shipment Inspection
- ✓ Use of Customs Brokers
- ✓ Common Border Procedures and Uniform Documentation Requirements
- ✓ Rejected Goods
- ✓ Temporary Admission of Goods/Inward and Outward Processing

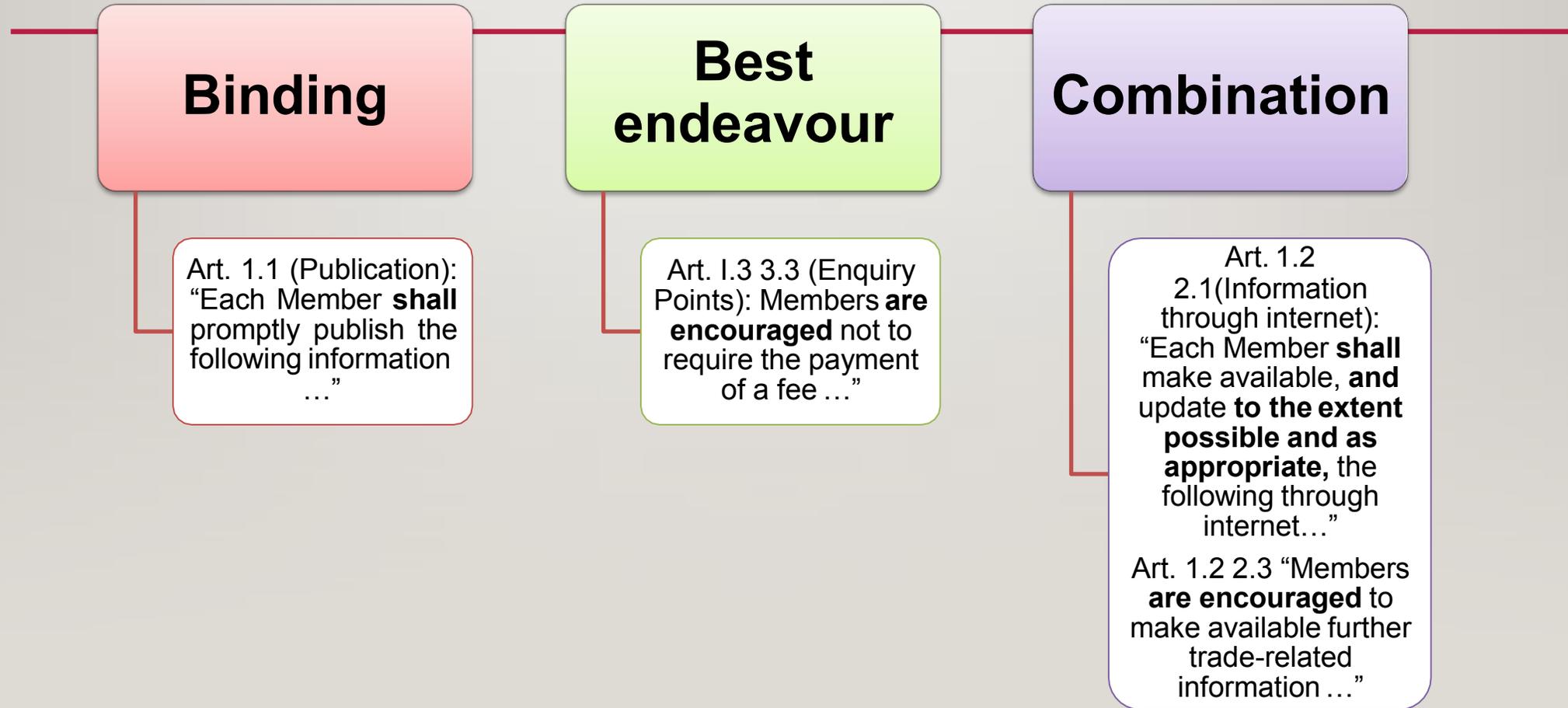


ARTICLE 12: CUSTOMS COOPERATION

Provisions relating to

1. Measures promoting compliance and cooperation
2. Exchange of information
3. Verification
4. Request
5. Confidentiality
6. Requests / refusals / reciprocity / limitations
7. Unauthorized use
8. Bilateral / regional agreements

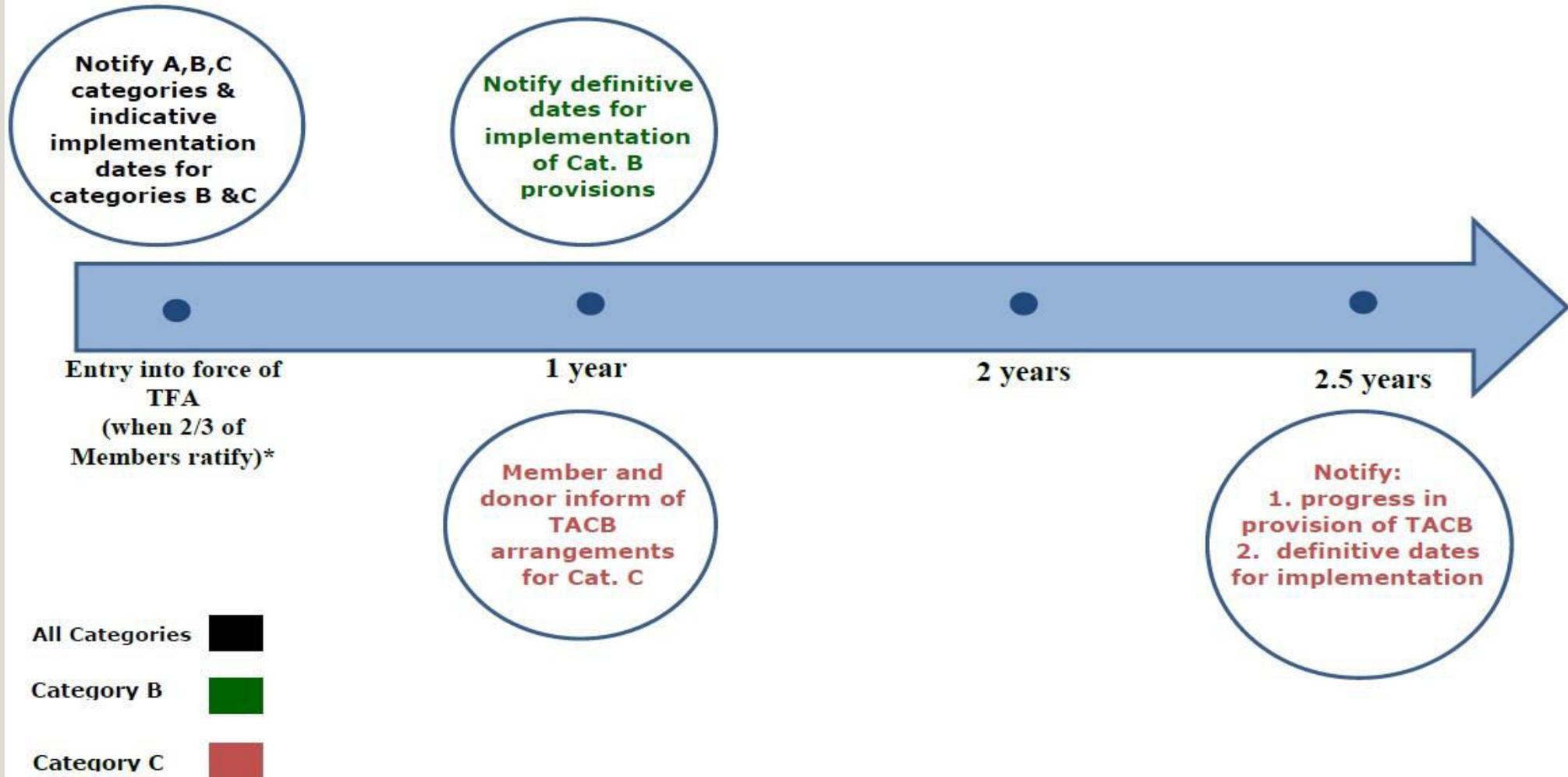
NATURE AND SCOPE OF OBLIGATIONS



ACTION TO BE COMPLETED

- Receive Category A commitments
- Ratification
- Acceptance by 2/3s of Members
- Entering into Force of the Agreement
- Notification of categories of provisions

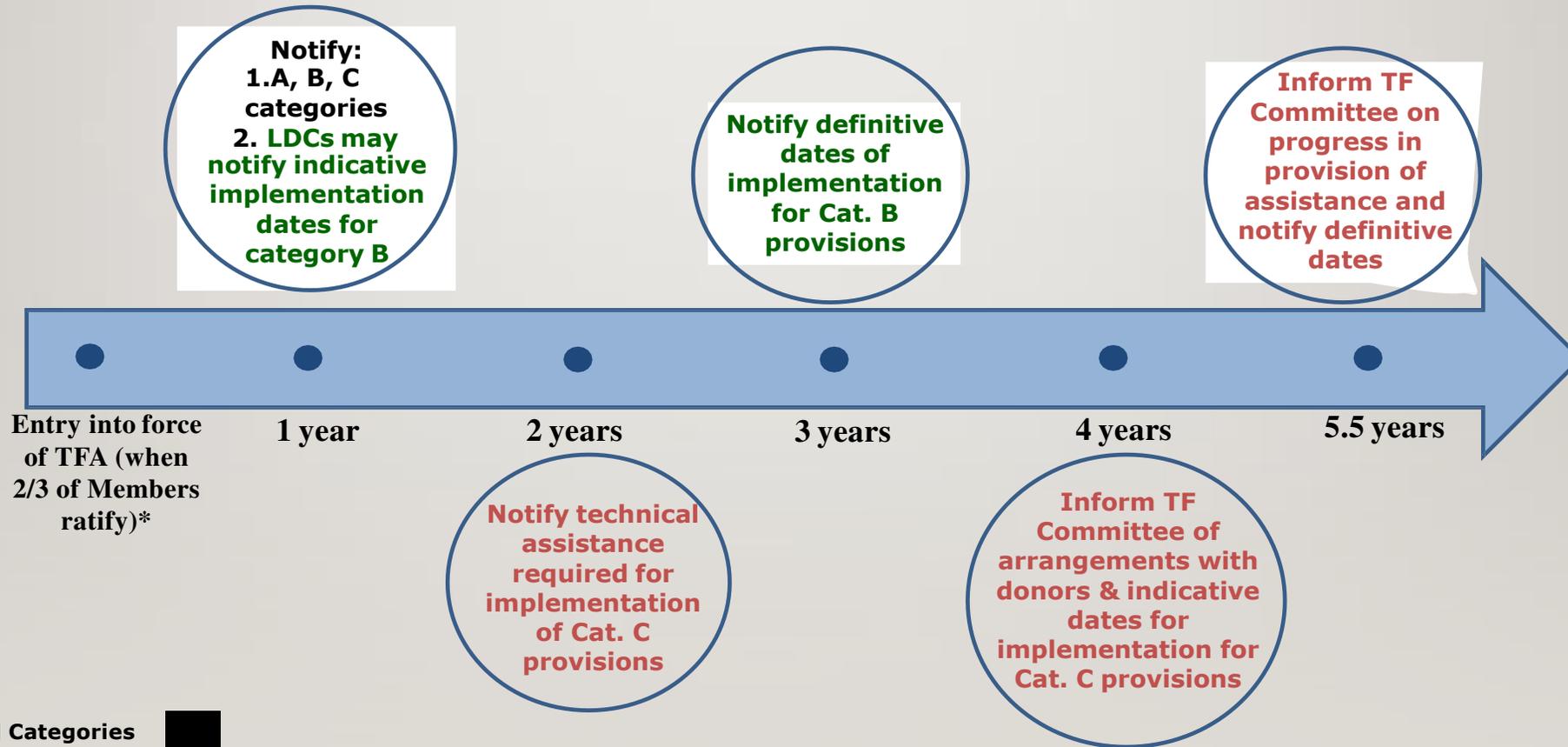
Developing Countries Notification for all categories of provisions



* Obligations for an individual country will only commence once this country completed its ratification process as well.

* Obligations for an individual country will only commence once this country completed its ratification process

LDCs Notification for all categories of provisions



All Categories

Category B

Category C

* Obligations for an individual country will only commence once this country completed its ratification process

**LET US RECAP THE ARTICLES OF
SECTION I
THAT CUSTOMS NEED TO FOCUS ON**

WTO AGREEMENT ON TRADE FACILITATION

SECTION I

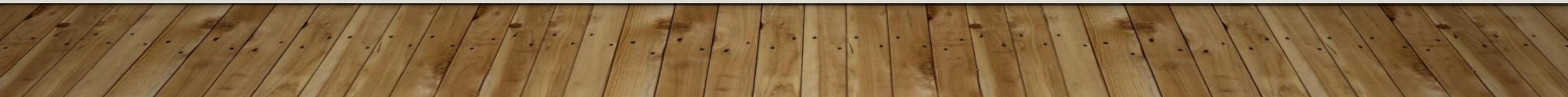
- Contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It clarifies and improves the relevant articles (V, VIII and X) of the General Agreement on Tariffs and Trade (GATT) 1994. It also sets out provisions for customs cooperation. The Articles related to :
- **Article V** – Freedom of Transit
- **Article VIII** - Fees and Formalities connected with Importation and Exportation
- **Article X** - Publication and Administration of Trade Regulations

SECTION I

ARTICLE 1: PUBLICATION AND AVAILABILITY OF INFORMATION

- ✓ 1 Publication
- ✓ 2 Information Available Through Internet
- ✓ 3 Enquiry Points
- ✓ 4 Notification

ARTICLE 2: OPPORTUNITY TO COMMENT, INFORMATION BEFORE ENTRY INTO FORCE, AND CONSULTATIONS

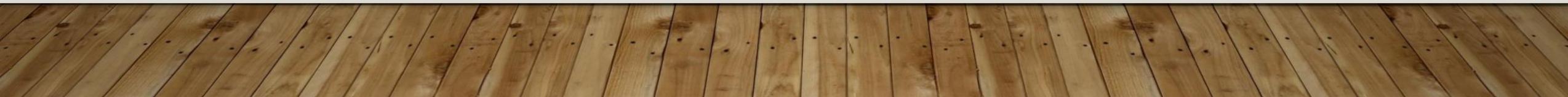
- ✓ 1 Opportunity to Comment and Information before Entry into Force
 - ✓ 2 Consultations
- 

SECTION I

- **ARTICLE 3: ADVANCE RULINGS**
- **ARTICLE 4: PROCEDURES FOR APPEAL OR REVIEW**
- **ARTICLE 5: OTHER MEASURES TO ENHANCE IMPARTIALITY, NON-DISCRIMINATION**
- **AND TRANSPARENCY**
- **1 Notifications for enhanced controls or inspections**
- **2 Detention**
- **3 Test Procedures**

SECTION I

ARTICLE 6: DISCIPLINES ON FEES AND CHARGES IMPOSED ON OR IN CONNECTION WITH IMPORTATION AND EXPORTATION AND PENALTIES

- ✓ **1 General Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation**
 - ✓ **2 Specific disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation**
 - ✓ **3 Penalty Disciplines**
- 

SECTION I

ARTICLE 7: RELEASE AND CLEARANCE OF GOODS

- ✓ **1 Pre-arrival Processing**
- ✓ **2 Electronic Payment**
- ✓ **3 Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges**
- ✓ **4 Risk Management**
- ✓ **5 Post-clearance Audit**
- ✓ **6 Establishment and Publication of Average Release Times**
- ✓ **7 Trade Facilitation Measures for Authorized Operators**
- ✓ **8 Expedited Shipments**
- ✓ **9 Perishable Goods**

SECTION I

ARTICLE 8: BORDER AGENCY COOPERATION

ARTICLE 9: MOVEMENT OF GOODS INTENDED FOR IMPORT UNDER CUSTOMS CONTROL

ARTICLE 10: FORMALITIES CONNECTED WITH IMPORTATION, EXPORTATION AND TRANSIT

- ✓ **1 Formalities and Documentation Requirements**
- ✓ **2 Acceptance of Copies**
- ✓ **3 Use of International Standards**
- ✓ **4 Single Window**
- ✓ **5 Pre-shipment Inspection**
- ✓ **6 Use of Customs Brokers**
- ✓ **7 Common Border Procedures and Uniform Documentation Requirements**
- ✓ **8 Rejected Goods**
- ✓ **9 Temporary Admission of Goods and Inward and Outward Processing**

SECTION I

ARTICLE 11: FREEDOM OF TRANSIT

ARTICLE 12: CUSTOMS COOPERATION

- ✓ ~~1 Measures Promoting Compliance and Cooperation~~
- ✓ 2 Exchange of Information
- ✓ 3 Verification
- ✓ 4 Request
- ✓ 5 Protection and Confidentiality
- ✓ 6 Provision of Information
- ✓ 7 Postponement or Refusal of a Request
- ✓ 8 Reciprocity
- ✓ 9 Administrative Burden
- ✓ 10 Limitations
- ✓ 11 Unauthorized Use or Disclosure
- 12 Bilateral and Regional Agreements

**Thank You For Your
Attention**

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