National Trade Facilitation Committees: From Recommendation to Obligation

Nairobi, 14 December 2015
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3 main thoughts/recommendations

1) Make the creation and strengthening of National TFCs a first priority in National TF programmes

2) Pay not only for its creation, but also for maintenance

3) Join forces to keep the repository complete and up-to-date
Section III - Art.23.2 of the TFA: National Committee on Trade Facilitation

WTO Members concluded negotiations on the TF Agreement in Bali
- December 2013

To have a TF Committees has been made a ‘binding obligation’
- This obligation cannot be categorized as B or C
- Must be implemented upon entry into force of the TFA

Art.23.2 - 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 provisions of this Agreement. (emphasis added)
‘Obligation’ ….. What it means? (2/2)

TFA does not say anything about

• Structure & governance
• Funding and sustainability
• Membership and meeting frequency

Experience so far on these issues in different countries can serve as guidelines
UNCTAD/ITC/ECE repository
... some preliminary lessons learned
Rising number of TF Committees

Source: UNCTAD study 2014
10 key recommendations
10 key recommendations

Recommendation 1: Adopt a SMART approach when setting up the objectives and scope of the national trade-facilitation body (SMART: sustainable, measurable, attainable, realistic and time bound (Doran, 1981)).
10 key recommendations

Recommendation 2: Give the national trade-facilitation body a strong legislative mandate. Trade facilitation is part of a national trade policy and as such requires the involvement of many public institutions, its formalization as a governmental structure is instrumental to ensuring and sustaining high level political commitment.
Recommendation 3: Define terms of reference in a comprehensive and inclusive way. Terms of reference should be defined as a tool to support the sustainability and efficient work of the trade-facilitation body. They should be concrete but flexible and agreed by all involved stakeholders.
NTFC: Scope and mandate (1)

Overview of common practices (pre-Bali)

- **Coordinate**: Ensure coordination between agencies involved in TFA and enhance partnership and confidence between private and public sector (24%)
- **Negotiate**: Improve position in trade facilitation negotiations (28%)
- **Foster trade facilitation**: by simplifying, standardizing and harmonizing trade procedures (48%)

NTFC Terms of Reference must include **to facilitate ‘domestic coordination’ and implementation of TFA**

Source: UNCTAD study 2014
10 key recommendations

Recommendation 4: Provide the national trade-facilitation body with a permanent secretariat. Countries should consider setting up a permanent secretariat run either by a government or private sector agency. In practice, this role has in most cases been left to the ministry of trade.
In a majority of cases, NTFC maintain a permanent secretariat

Overview of common practices

Developed

No 27%
Yes 73%

Developing

No 36%
Yes 64%

LDCs

No 50%
Yes 50%

Source: UNCTAD study 2014
Ministry of Trade is often the coordinating agency…

Overview of common practices

- Ministry of Trade: 66%
- Chamber of Commerce: 8%
- Customs: 6%
- TF body's secretariat: 6%
- Ministry of Transport: 4%
- N/A: 6%
- Other: 4%

Source: UNCTAD study 2014
10 key recommendations

**Recommendation 5:** Meet regularly. The regularity and frequency of meetings may contribute to the good progress and long term sustainability of the trade-facilitation body. The regularity of meetings is also essential for the monitoring and follow-up of the activities of the trade-facilitation group, which was raised as one important success factor.
10 key recommendations

Recommendation 6: Ensure trade facilitation is inclusive and involves all concerned sectors including trade and transport communities of the private sector.
## Membership & Meetings

### Balanced Public–Private Membership in a National Trade Facilitation Body

<table>
<thead>
<tr>
<th>Government Agency</th>
<th>Service Provider</th>
<th>Trader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Trade</td>
<td>National associations of carriers and freight forwarders</td>
<td>Chambers of commerce</td>
</tr>
<tr>
<td>Ministry of Finance/ Customs</td>
<td>National associations of banking institutions</td>
<td>Manufacturer associations</td>
</tr>
<tr>
<td>Ministry of Works</td>
<td>National associations of insurance companies</td>
<td>Other associations of service users (exporters, importers, etc.)</td>
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<tr>
<td>Ministry of Communications / Transport</td>
<td>Association of customs brokers</td>
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<tr>
<td>Ministry of Agriculture</td>
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<tr>
<td>Other line ministries and agencies with export/import clearance authority</td>
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</tbody>
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**Meeting not dependent upon Chair’s availability: there can be an alternate Chair**

**Pre fixed schedules can be more efficient**

- e.g. first/second Monday of each quarter (i.e. January, April, July, October)
10 key recommendations

**Recommendation 7:** Take every opportunity to raise awareness about trade facilitation. To strengthen the trade-facilitation body as a platform for dialogue with the private sector, for coordination and for awareness-raising and information-sharing, the establishment of a website could be a useful tool.
10 key recommendations

Recommendation 8: Provide the national trade-facilitation body with the necessary resources. As the lack of financial resources can strongly influence the sustainability of trade-facilitation bodies, it is specially recommended for developing and least developed countries to systematically include tasks and budget allocations for the trade-facilitation bodies when applying for international funds for concrete projects in trade facilitation. Sharing costs among private and public institutions could also be part of the solution.
10 key recommendations

**Recommendation 9:** Establish monitoring and evaluating mechanisms to measure results. For a well-functioning trade-facilitation body, results-based management and continuous monitoring and evaluation of progress is essential. However, only a few existing trade-facilitation bodies use these kinds of tools in a systematic way.
10 key recommendations

**Recommendation 10:** Keep the private sector involved. The private sector should be an integral of any trade-facilitation body. This has proved to be a most important success factor for a trade-facilitation body. The private sector should participate from the outset in the design of terms of reference. A shared chairperson or a leadership by rotation between the public and the private sector is also recommended.
Further readings

- Trade Facilitation Bodies around the world (UNCTAD 2014)

- Trade facilitation handbook-national facilitation bodies: lessons from experience (UNCTAD 2006)

- Guidelines on Establishing and Strengthening National Coordination Mechanism for Trade and Transport Facilitation in the ESCAP Region (UNESCAP 2011)

- Online repository on National TF Bodies (UNCTAD, ITC, UNECE), www.unctad.org/TFC

- Recommendation No. 4 on National Trade Facilitation Organs (UNECE 1974)

- Guidelines: National TF Committees – Moving towards implementation (ITC, UNCTAD, UNECE)
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3) **Join forces** to keep the repository complete and up-to-date
Tomorrow, at 11:30 at the Sarova Stanley