Provisions in the WTO TFA which might require ICT support and solutions for their implementation

Seminar for the Promotion of Electronic Exchange of Customs Information and the Adoption of Standard Electronic Messages

UNECE
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In this presentation:

A. What is Trade Facilitation?

B. What needs to be addressed?

C. Structure of the Agreement
   • Scope and nature of the substantive provisions
   • S&D categories

D. Provisions in the TFA requiring ICT solutions

E. Additional work by the Standards and Trade Development Facility (STDF)
A. What is Trade Facilitation?
A. What is TF in WTO terms?

• No single definition

• In WTO terms TF can be understood as:
  – Simplification, harmonization, automation of the procedures applied to international trade, particularly the requirements and formalities related to importation and exportation with a view to further expediting the movement, release and clearance of goods, including goods in transit.
B. What needs to be addressed?
B.1 Typical problems:

- 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
- Lack of more uniform rules and, user-friendly and efficient procedures
- High administrative costs
- Increase in the amount of goods traded worldwide
B.2 Customs Transactions Worldwide

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

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

9 billion documents each year to process movement of goods!

1 day clearance ≈ 1 % tariff
Big efforts have been made by different institutions
However, not everything has changed !!!

A Customs office in November 2015...
B.10 Sources of Delay/Costs

- Infrastructure
- Technology
  - Border procedures, inspections, controls
  - Document and information requirements
- Fees and charges
C. Structure of the WTO TFA

- Scope and nature of the substantive provisions
- S&D categories
Structure of the TFA

**Section I**
The TFA contains 12 Articles with approximately 40 “technical measures”

**Section II**
Special provisions for developing and least-developed country Members

**Section III**
Final provisions and institutional arrangements
Section I

The trade facilitation Agreement contains 12 Articles with approximately 40 “technical measures”

**Article 1**
Publication & Availability of Information

**Article 2**
Comment and Consultations

**Article 3**
Advance Rulings

**Article 4**
Procedures for Appeal or Review

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

**Article 6**
Disciplines on Fees and Charges

**Article 7**
Release and Clearance of Goods

**Article 8**
Border Agency Cooperation

**Article 9**
Movement under Customs Control

**Article 10**
Import, Export & Transit Formalities

**Article 11**
Freedom of transit

**Article 12**
Customs Cooperation
Nature and scope of obligations:

**Binding**

Art. 1.1 (Publication): “Each Member shall promptly publish the following information ...”

**Best endeavour**

Art. 1.3.3 (Enquiry Points): Members are encouraged not to require the payment of a fee ...

**Combination**

Art. 1.2.1 (Information through internet): “Each Member shall make available, and update to the extend possible and as appropriate, the following through internet...”

Art. 1.2.3 “Members are encouraged to make available further trade-related information ...”
Categories of provisions: S&D Treatment for DC and LDCs

Each developing and LD Country Member will classify each measure of Section I into one of three categories: Art. 14

<table>
<thead>
<tr>
<th>CATEGORY A</th>
<th>CATEGORY B</th>
<th>CATEGORY C</th>
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<tr>
<td>(Art. 15)</td>
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<tr>
<td>• Implementation upon Entry Into Force of the Agreement</td>
<td>• Implementation after a transitional period from the entry into force</td>
<td>• Implementation only after acquisition of implementation capacity through TA and CB</td>
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<td>• +1 year for LDCs</td>
<td>• Only time needed</td>
<td>• Need time + support</td>
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<td>• Annex to TFA</td>
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*Based on country’s own assessment!*
D. Provisions in the TFA requiring ICT solutions
On Transparency

• Article 1: Publication and Availability of Information:

1. Publication: promptly publish information in a non-discriminatory and easily accessible manner: gazettes, official journal, URL, websites

2. Information available through Internet: make available and update as appropriate information through internet on import/export/transit procedures; forms and documents required, contact information on the enquiry points(s) EP

3. Enquiry Points: establish or maintain one or more EP to answer reasonable enquiries [...] and provide forms and documents

4. Notifications to the WTO TF Committee the official places where publications take place; Uniform Locators of websites, and the contact information of the EPs
Extended and Enhanced Transparency

Article 2: Opportunity to comment, Information before entry into force, and consultations

1.1.2: to the extend practicable ensure that new or amended laws and regulations of general application related to release and clearance of goods, even in transit, are published or information on them made otherwise publicly available.

Article 5.2 (Detention): promptly inform the carrier or importer in case of detention of goods declared for importation, for inspection by customs or any other competent authority.

Article 5.3.2 (Opportunity for a second test): when a Member grants an opportunity for a second test in case of an adverse result of a first test on a sample of goods declared for importation, it shall publish, in a non-discriminatory and easily accessible manner, the name and address of any laboratory where the second test can be carried-out.
Extended and Enhanced Transparency

Article 6: Disciplines on fees and charges:

1.1.1: **Information on fees and charges shall be published in** accordance with Art. 1

Article 7: Release and clearance of goods

7.7: the **criteria to qualify as an authorized operator shall be published**

Article 11: Freedom of Transit

14: each Member shall **make publicly available the relevant information** it uses to set the guarantee for traffic in transit
Electronic exchange of Customs Information

Article 12: Customs Cooperation

2. Exchange of Information: **Upon request** and subject to conditions, Members shall exchange information for the purposes of verifying an import or export declaration.

4. Request: the requesting Member shall provide the requested Member with a written request, **through paper or electronic means**.

6.1 Provision of Information: the requested Member shall promptly (a) respond in writing, **through paper or electronic means**.
Article 3: Advanced Rulings

1. Each Member shall issue an advance ruling in a reasonable, time-bound manner to the applicant that has submitted a written request containing all necessary information. If the Member declines to issue the AR, it shall promptly notify the applicant in writing.

6: Each Member shall publish, at a minimum the requirements for the application for an advanced ruling, including the information to be provided and the format.

Comment: the Member can accept electronic requests and also inform electronically that it declines to issue the AR. Formats can also be e-forms.
Article 7: Release and Clearance of Goods

1.2: Each Member shall, as appropriate, provide for advance lodging of documents in electronic format for pre-arrival processing of such documents

2 Electronic Payment: Each Member shall, to the extent practicable, adopt or maintain procedures allowing the option of electronic payment for duties, taxes, fees, and charges collected by customs incurred upon importation and exportation
Article 7: Release and Clearance of Goods

3. Use of international standards: Members are encouraged to use relevant international standards or parts thereof as a basis for their import, export or transit formalities and procedures [...]

Comment: encouragement to use standards set-out by relevant international organizations, including e-forms contained therein
Article 7: Release and Clearance of Goods

4. Single Window: Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies. After the examination by the participating authorities or agencies of the documentation and/or data, the results shall be notified to the applicants through the single window.

Comments:

Use of ICT tools to structure, operate and feed the single window with the pertinent and accurate data and information in real time.

Possibility to submit electronically all the documentation, forms, and requirements, including e-payment.
Article 11: Freedom of Transit

Comment:

The recourse to ICT tools could avoid unnecessary delays, controls and use of convoys (i.e. GPS on trucks, scanners at the border or throughout the route for traffic in transit)
E. Additional work by the Standards and Trade Development Facility (STDF)
STDF Seminar on Electronic SPS Certification

Aimed at:

• Raising awareness of opportunities and challenges linked to implementing electronic SPS certification systems, especially in developing countries

• identifying good practice to help developing countries move from paper-based to automated SPS cross-border trade procedures.

STDF Seminar: 28 June 2016, in Geneva

Fine out more and register to participate at:

http://www.standardsfacility.org/STDF-eCert-Seminar
Paperless trade and electronic certificates

- Electronic Certificates are part of the regulatory documents exchanged in an international trade transaction.
  - Electronic SPS certificates are important for improved control and efficiency in agriculture trade

- Paperless trade involves the exchange of information (in a structured format using open and agreed standards) via electronic documents.
  - International standard for electronic SPS certificates is the e-Cert standard developed by the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT).
Use of Electronic SPS Certificates

Potential Benefits

• Reduce time and costs

• Expedite communications between SPS authorities in importing and exporting countries

• Reduce fraudulent certificates

• Support efforts to implement other improvements in SPS management (e.g. risk-based inspections)

Challenges

• Digital divide

• Limited resources for infrastructure, etc.

• Limited experience and knowledge – implementation mainly at pilot stage
Global electronic trade facilitation: Enhancing safe trade in plants and plant products through innovation (STDF E-Phyto Project)

Objective: Enable Contracting Parties to the International Plant Protection Convention (IPPC) to provide phytosanitary assurances in trade in an innovative, cost effective and globally harmonized way, using a global framework for exchange of electronic phytosanitary certificates.

Approach: Provide developing countries with the ability to use a simple generic web-based system to produce, send and receive electronic phytosanitary certificates.

Time-frame: 2016-19

Implementation: IPPC Secretariat, FAO
Thank you.