Trade Facilitation in Arab region

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ADEL ALGHABERI
UN ESCWA
Trade cost reduction keys

- Trade cost is a major determinant of trade.
- Most trade cost reductions achieved over the past decades have been through elimination or lowering of tariff.
- Further trade cost reduction nevertheless, will have to come from tackling non-tariff sources of trade costs.
- Some areas: inefficient transport and logistics infrastructure and services, cumbersome regulatory procedures and documentation, etc.
Trade facilitation is not only about getting goods through the customs.

It is more importantly about getting goods to customs.

Thus it is important to address all parts of the supply chain including transport issues, exports issues, customs issues, etc.
Why trade facilitation?
Reason 1
Reason 2
LPI score Arab region 2014

2.2
2.3
2.4
2.5
2.6
2.7
2.8
2.9
3.0
3.1

Customs
Infrastructures
International shipments
Logistics competence
Tracking & tracing
Timeliness
Reason 3 (Saving to Korean firms 2010)

Source: World Bank
The need for the survey

- The conference on TF Bangkok 2013.
- Lack of data on TF implementation.
- Agreement to conduct a global survey.
- Survey designed.
- The survey has been conducted by UNRCs and in close collaboration with OECD, ITC and UNCTAD, as well as several sub-regional organizations, such as SELA in Latin America, and OCO in the South Pacific.
The survey

- Prepared taking into account the final list of provisions included in the WTO Trade Facilitation Agreement (TFA) as well as the content of the draft text of the regional UN treaty on cross-border paperless trade facilitation under negotiation at ESCAP.
Coverage of the survey

- General TF measures
- Transit Facilitation
- Cross border paperless trade
- Paperless trade

38 measures
Trade Facilitation: Transparency

- Publication of existing import-export regulations on the Internet
- Stakeholder consultation on new draft regulations (prior to their finalization)
- Advance publication/notification of new regulation before their implementation (e.g., 30 days prior)
- Advance ruling (on tariff classification)
- Independent appeal mechanism (for traders to appeal Customs and other relevant trade control agencies’ rulings)
TF: Formalities

- Risk management (as a basis for deciding whether a shipment will be or not physically inspected)
- Pre-arrival processing
- Post-clearance audit
- Separation of Release from final determination of customs duties, taxes, fees and charges
- Establishment and publication of average release times
- Trade facilitation measures for authorized operators
- Expedited shipments
- Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities.
TF: Institutional Arrangement

- Establishment of a national trade facilitation committee or similar body
- Cooperation between agencies on the ground at the national level
- Government agencies delegating controls to Customs authorities
- Alignment of working days and hours with neighbouring countries at border crossings, and
- Alignment of formalities and procedures with neighbouring countries at border crossings
Paperless trade

- Electronic/automated Customs System established (e.g., ASYCUDA)
- Internet connection available to Customs and other trade control agencies at border-crossings
- Electronic Single Window System
- Electronic submission of Customs declarations
- Electronic Application and Issuance of Trade Licenses
- Electronic Submission of Sea Cargo Manifests
- Electronic Submission of Air Cargo Manifests
- Electronic Application and Issuance of Preferential Certificate of Origin
- E-Payment of Customs Duties and Fees
- Electronic Application for Customs Refunds
Cross-border paperless

- Laws and regulations for electronic transactions are in place (e.g. e-commerce law, e-transaction law)
- Recognized certification authority issuing digital certificates to traders to conduct electronic transactions
- Engagement of the country in trade-related cross-border electronic data exchange with other countries
- Certificate of Origin electronically exchanged between the country and other countries
- Sanitary & Phyto-Sanitary Certificate electronically exchanged between the country and other countries
- Banks and insurers in the country retrieving letters of credit electronically without lodging paper-based documents
Transit Facilitation

- Transit facilitation agreement(s) with neighbouring country(ies)
- Customs Authorities limit the physical inspections of transit goods and use risk assessment
- Supporting pre-arrival processing for transit facilitation
- Cooperation between agencies of countries involved in transit
Steps to prepare the data set

Step 1
- Data submission by experts

Step 2
- Desk research and validation

Step 3
- Validation by concerned governmental authorities.
Results of the survey
Implementation of trade facilitation around the World
No causal link between TF impl. & GDP per capita
Implementation of different groups of trade facilitation measures
## Most & least implemented measures

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<th><strong>Most implemented</strong></th>
<th><strong>Least implemented</strong></th>
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<tbody>
<tr>
<td><strong>Transparency</strong></td>
<td>1. Stakeholder consultation on new draft regulations (prior to their implementation)</td>
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<td>2. Pre-arrival processing, risk management.</td>
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<td>import, export or transit formalities</td>
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<td>**Institutional</td>
<td>1. Establishment of National Trade Facilitation Committee</td>
<td>Cooperation between agencies on the ground at the national level.</td>
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<td>arrangement and</td>
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<td>cooperation**</td>
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## Most & least implemented measures

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<th><strong>Cross-border paperless trade</strong></th>
<th><strong>Transit facilitation</strong></th>
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| 1. Electronic single window  
2. Electronic submission of air cargo manifests. | 1. Recognized certification authority  
2. Laws and regulations for electronic transactions | 1. Supporting pre-arrival processing for transit facilitation  
2. Custom authorities limit the physical inspections of transit goods and use risk assessment |
| 1. E-payment of custom duties and fees  
2. Electronic application and issuance of trade licenses | 1. Banks and insurers retrieving letters of credit electronically without lodging paper-based documents  
2. Engagement in trade-related cross border electronic data exchange. | Cooperation between agencies of countries involved in transit |
Implementation of “transparency” measures

- Publication of existing import-export regulations on the internet
- Stakeholder consultation on new draft regulations (prior to their finalization)
- Advance publication/notification of new regulation before their implementation
- Advance ruling (on tariff classification)
- Independent appeal mechanism

Regional Average
Implementation of trade facilitation measures “formalities”

- Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities
- Pre-arrival processing
- Expedited shipments
- Post-clearance audit
- Separation of Release from final determination of customs duties, taxes, fees and charges
- Establishment and publication of average release times
- Risk management

Regional Average
Implementation of “institutional arrangement and cooperation” measures

National Trade Facilitation Committee

Government agencies delegating controls to Customs authorities

Cooperation between agencies on the ground at the national level

Regional Average
Implementation of “paperless trade” measures

- Internet connection available to Customs and other trade control agencies at border-crossings
- Electronic Single Window System
- Electronic submission of Customs declarations
- Electronic Application and Issuance of Trade Licenses
- Electronic Application and Issuance of Preferential Certificate of Origin
- Electronic submission of Customs declarations
- Electronic Application for Customs Refunds
- E-Payment of Customs Duties and Fees
- Electronic Application and Issuance of Preferential Certificate of Origin
- Electronic Submission of Air Cargo Manifests
- Electronic/automated Customs System

Regional Average
Implementation of “cross-border paperless trade” measures

- Laws and regulations for electronic transactions
- Recognised certification authority
- Engagement in trade-related cross-border electronic data exchange
- Electronic exchange of Certificate of Origin
- Electronic exchange of Sanitary & Phyto-Sanitary Certificate
- Banks and insurers retrieving letters of credit electronically without lodging paper-based documents
Implementation of “transit facilitation” measures

- Customs Authorities limit the physical inspections of transit goods and use risk assessment
- Cooperation between agencies of countries involved in transit
- Supporting pre-arrival processing for transit facilitation

Regional Average
Moving up the ladder of TF
Strong relationship between countries’ international trade costs and their level of trade facilitation implementation
Limitations of the survey

- The survey was done with very limited resources.
- It was sent by email and through survey monkey to various groups.
- Not so many governments agencies in charge of TF replied.
- Additionally, time was short.
The survey covered not only implementation of general trade facilitation measures, including most of those featured in the WTO TFA.

But also more advanced ICT-based trade facilitation measures aimed at making data and documents needed to support trade transactions flow seamlessly among stakeholders within a country, as well as across countries.
Thank you for your attention

al-ghaberi@un.org