

# Trade Facilitation in Arab region

4 December 2015



**ADEL ALGHABERI**  
**UN ESCWA**

# Trade cost reduction keys



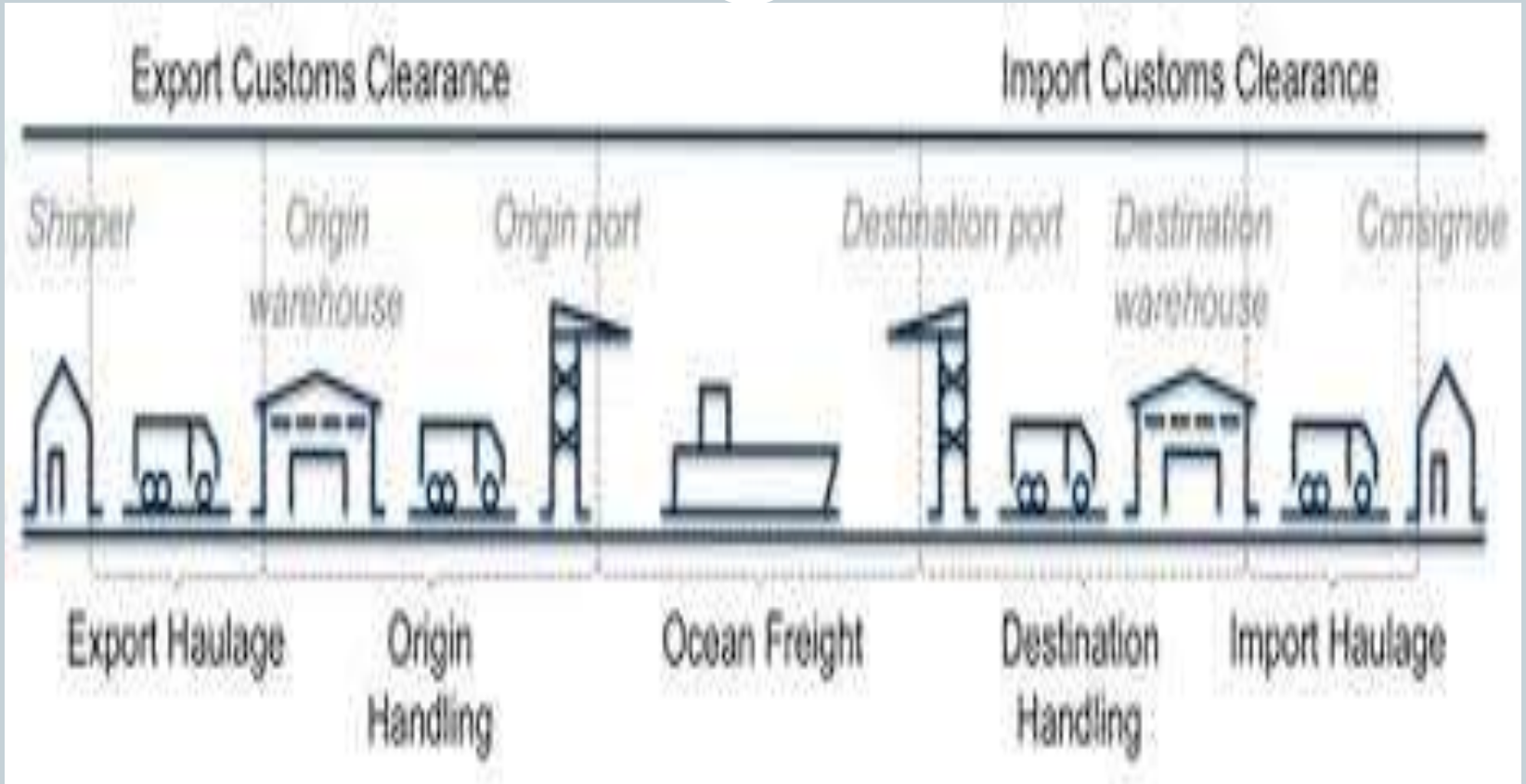
- Trade cost is a major determinant of trade.
- Most trade cost reductions achieved over the past decades have been through elimination or lowering of tariff.
- Further trade cost reduction nevertheless, will have to come from tackling non-tariff sources of trade costs.
- Some areas: inefficient transport and logistics infrastructure and services, cumbersome regulatory procedures and documentation, etc.

# REMINDER



- 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.

# Reminder



Source: Google



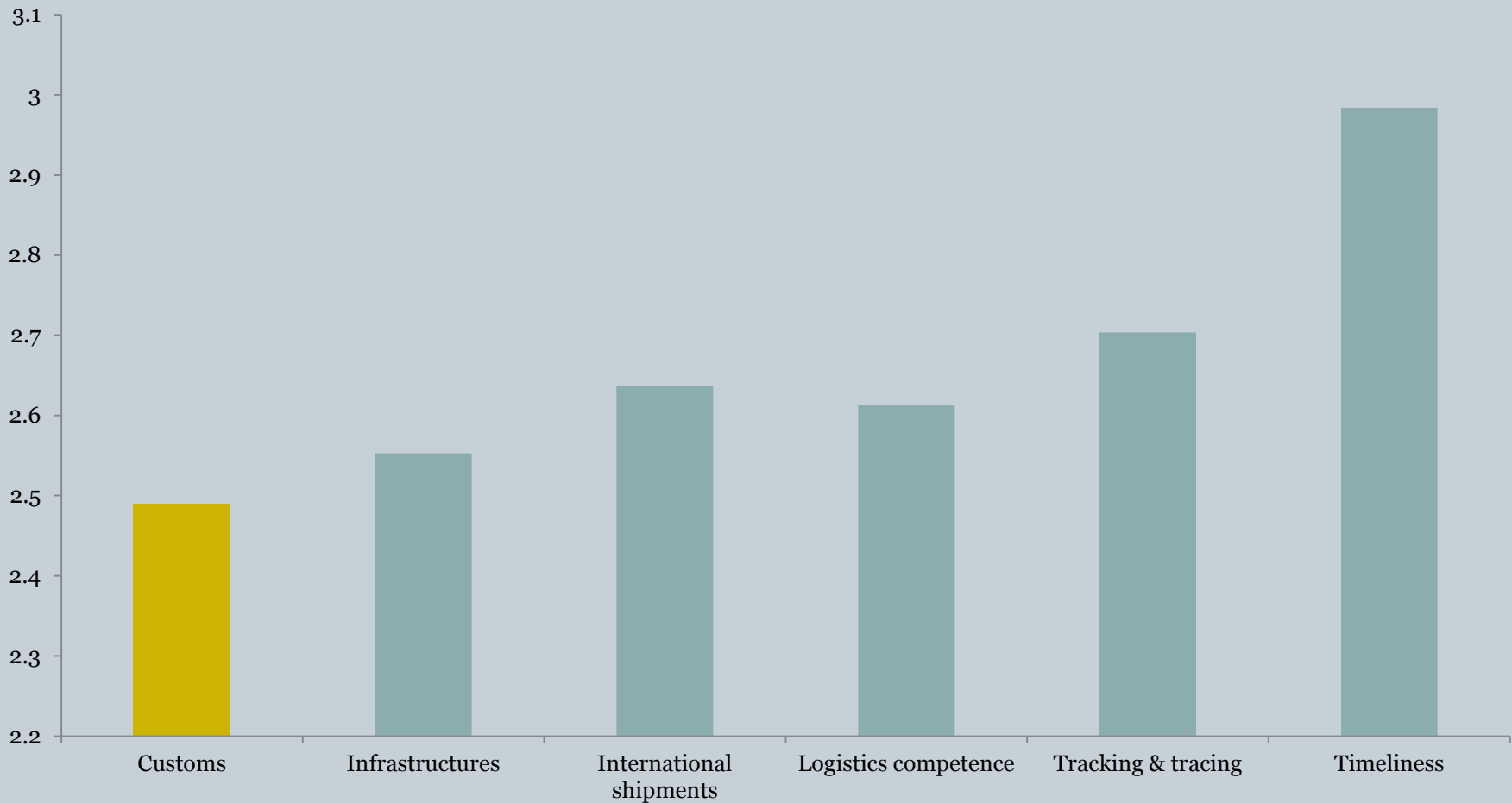
# Why trade facilitation ?

# Reason 1

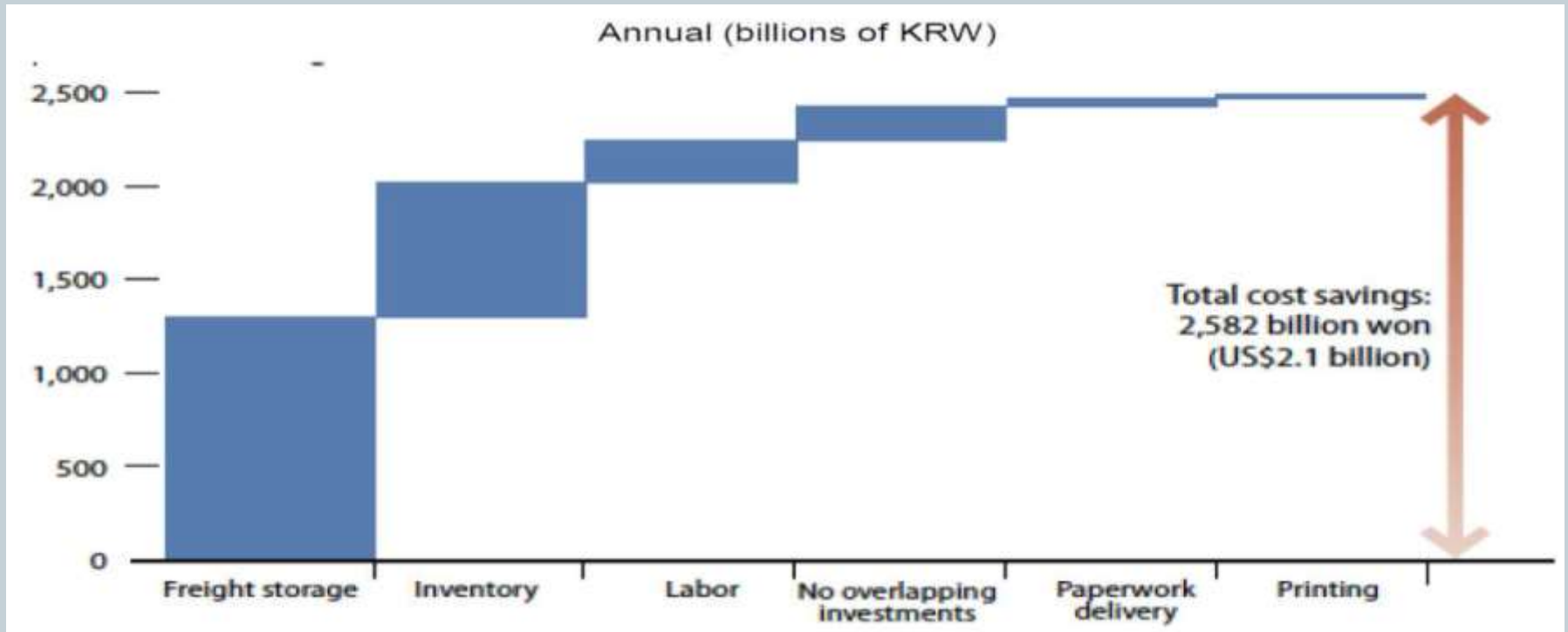


# Reason 2

## LPI score Arab region 2014



# Reason 3 ( Saving to Korean firms 2010)



Source: World Bank



# The need for the survey



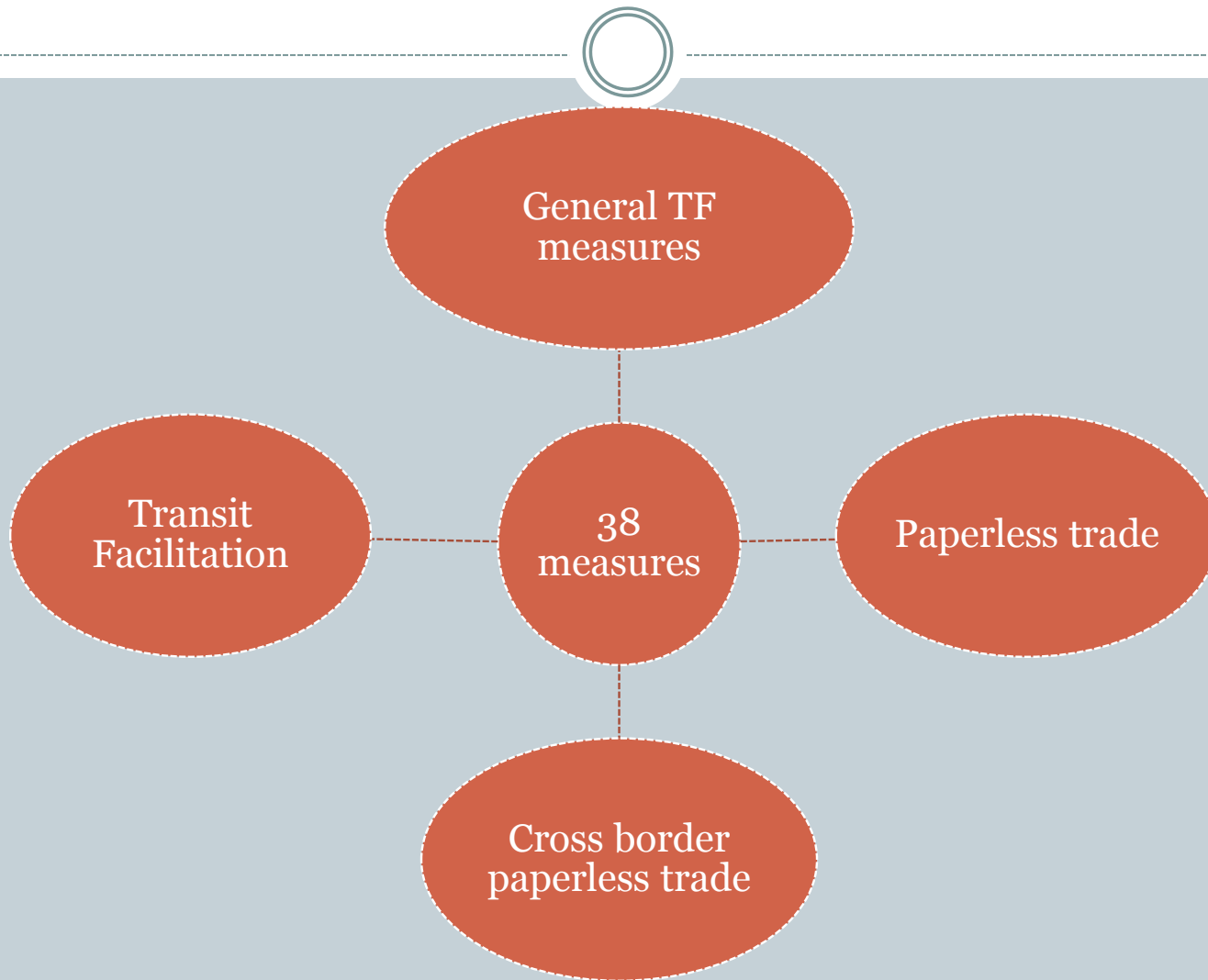
- The conference on TF Bangkok 2013.
- Lack of data on TF implementation.
- Agreement to conduct a global survey.
- Survey designed.
- The survey has been conducted by UNRCs and in close collaboration with OECD, ITC and UNCTAD, as well as several sub-regional organizations, such as SELA in Latin America,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



# 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

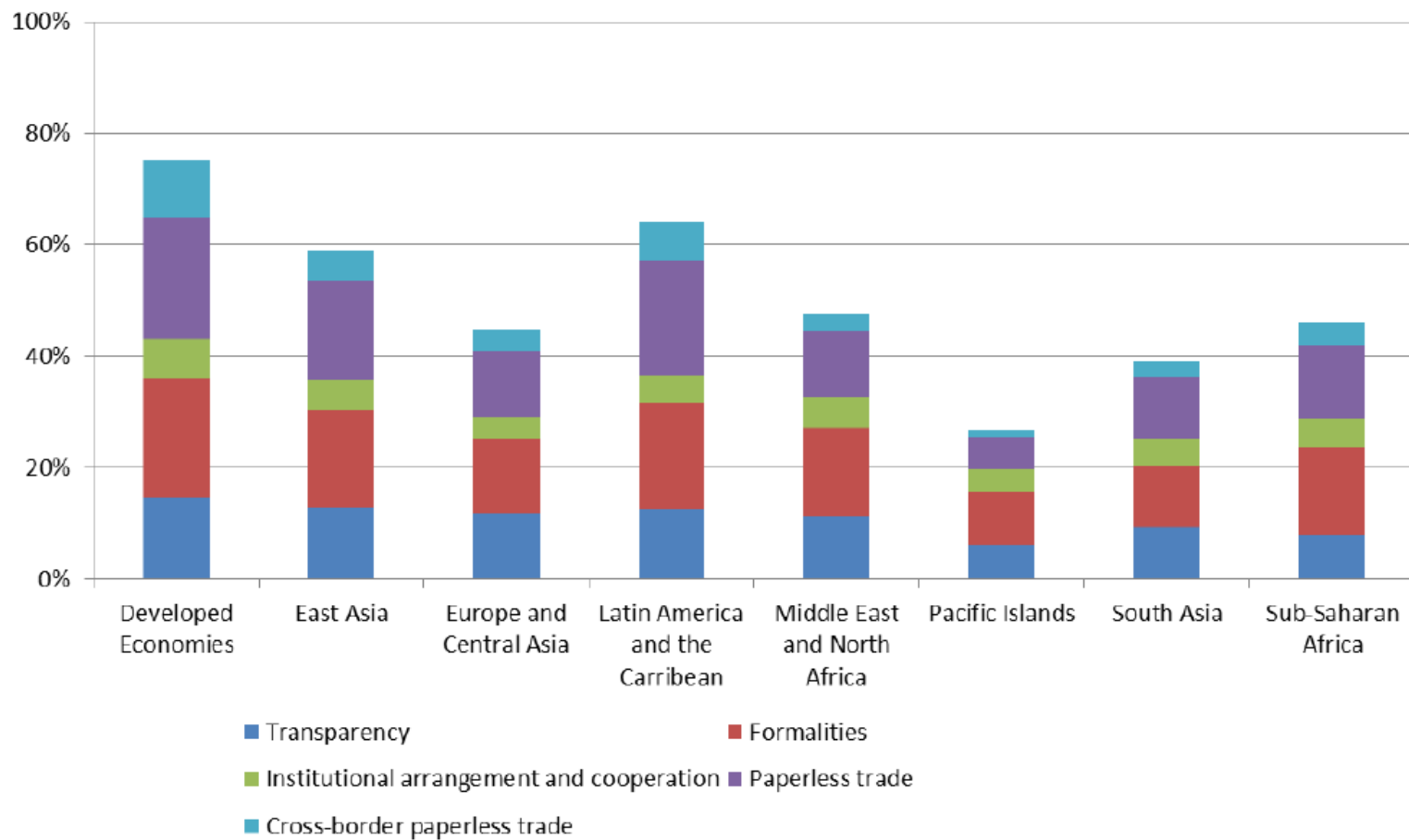
Step 3

- Validation by concerned governmental authorities.

# Results of the survey

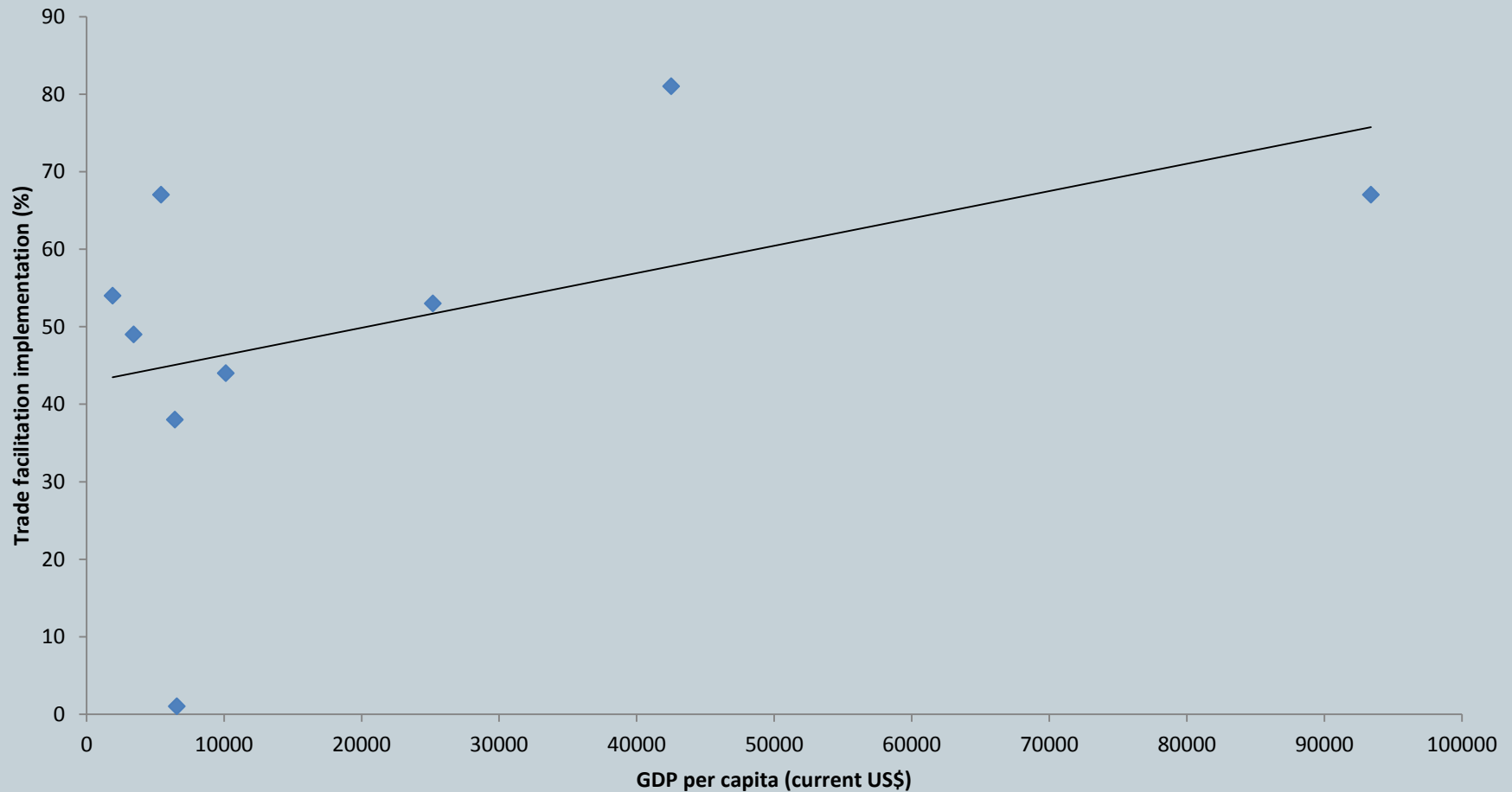


# Implementation of trade facilitation around the World

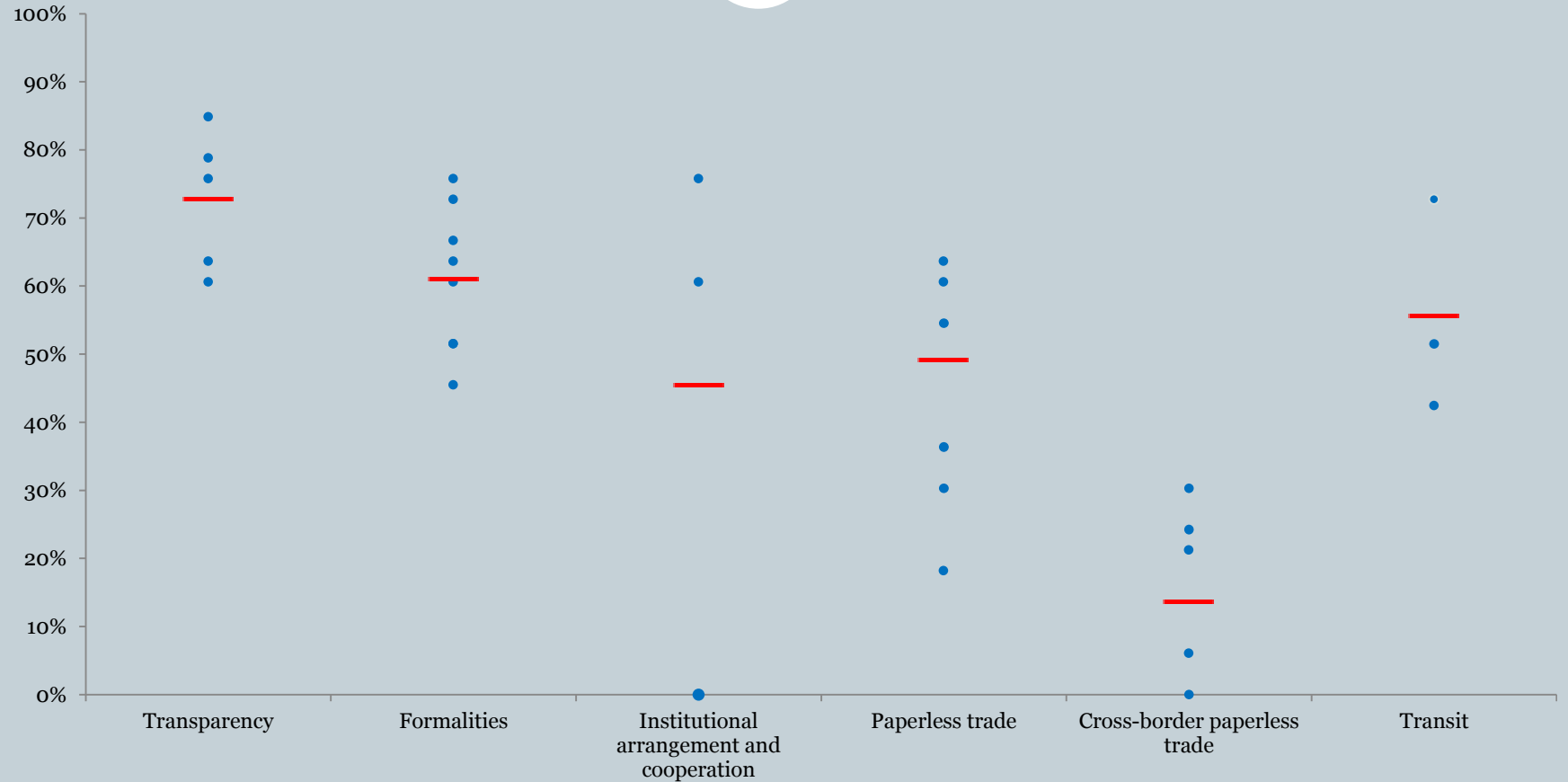


# No causal link between TF impl. & GDP per capita

capita



# Implementation of different groups of trade facilitation measures



# Most & least implemented measures



	<b>Most implemented</b>	<b>Least implemented</b>
<b>Transparency</b>	<ol style="list-style-type: none"><li>1. Stakeholder consultation on new draft regulations (prior to their implementation)</li><li>2. Publication of existing import-export regulations on the internet</li></ol>	<ol style="list-style-type: none"><li>1. Advance ruling (on tariff classification)</li><li>2. Advance publication/notification of new regulation before their implementation</li></ol>
<b>Formalities</b>	<ol style="list-style-type: none"><li>1. Expedite shipments</li><li>2. Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities.</li></ol>	<ol style="list-style-type: none"><li>1. Establishment and publication of average release times</li><li>2. Pre-arrival processing, risk management.</li></ol>
<b>Institutional arrangement and cooperation</b>	<ol style="list-style-type: none"><li>1. Establishment of National Trade Facilitation Committee</li><li>2. Government agencies delegating controls to Customs authorities.</li></ol>	Cooperation between agencies on the ground at the national level.

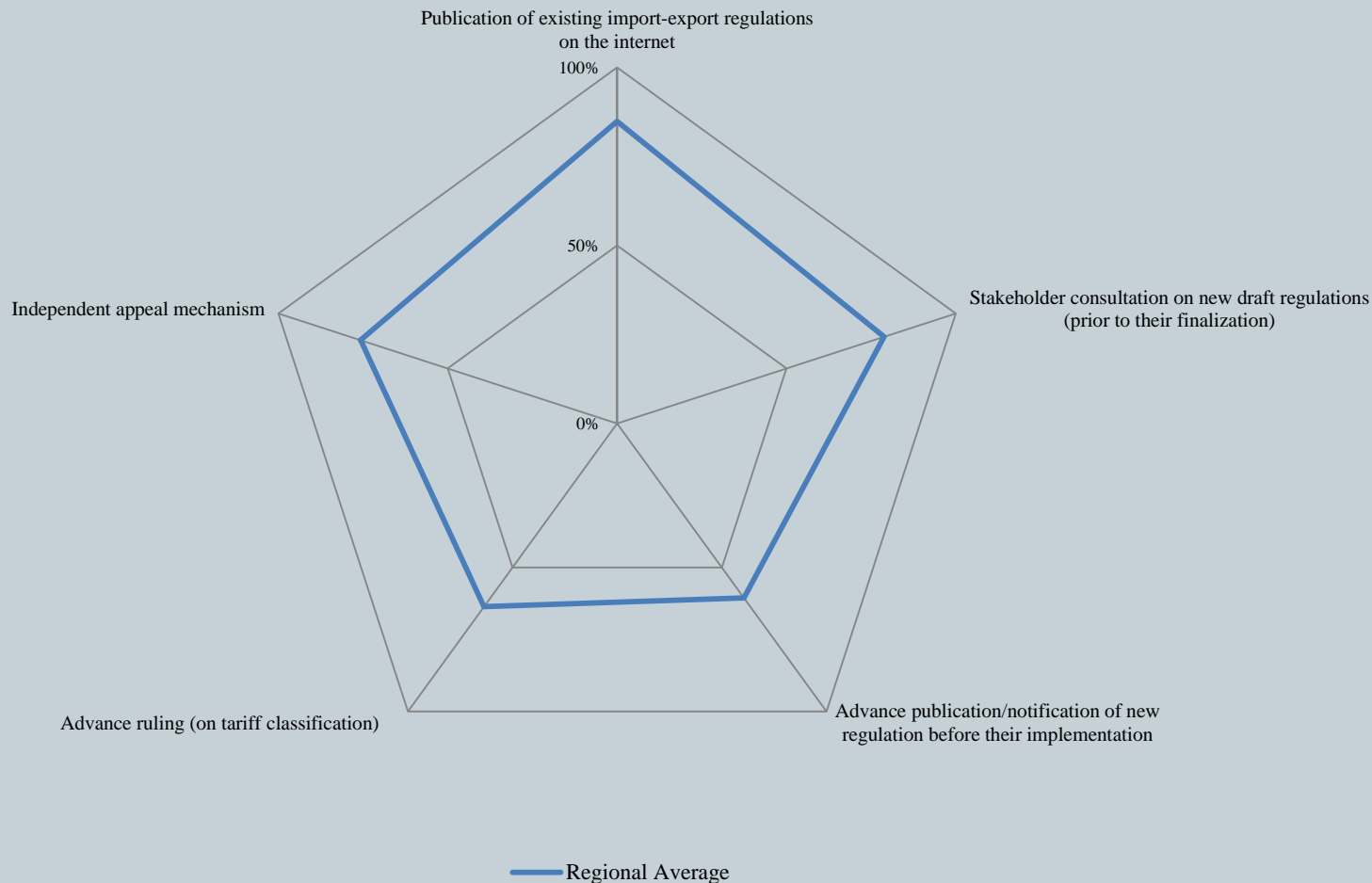
# Most & least implemented measures



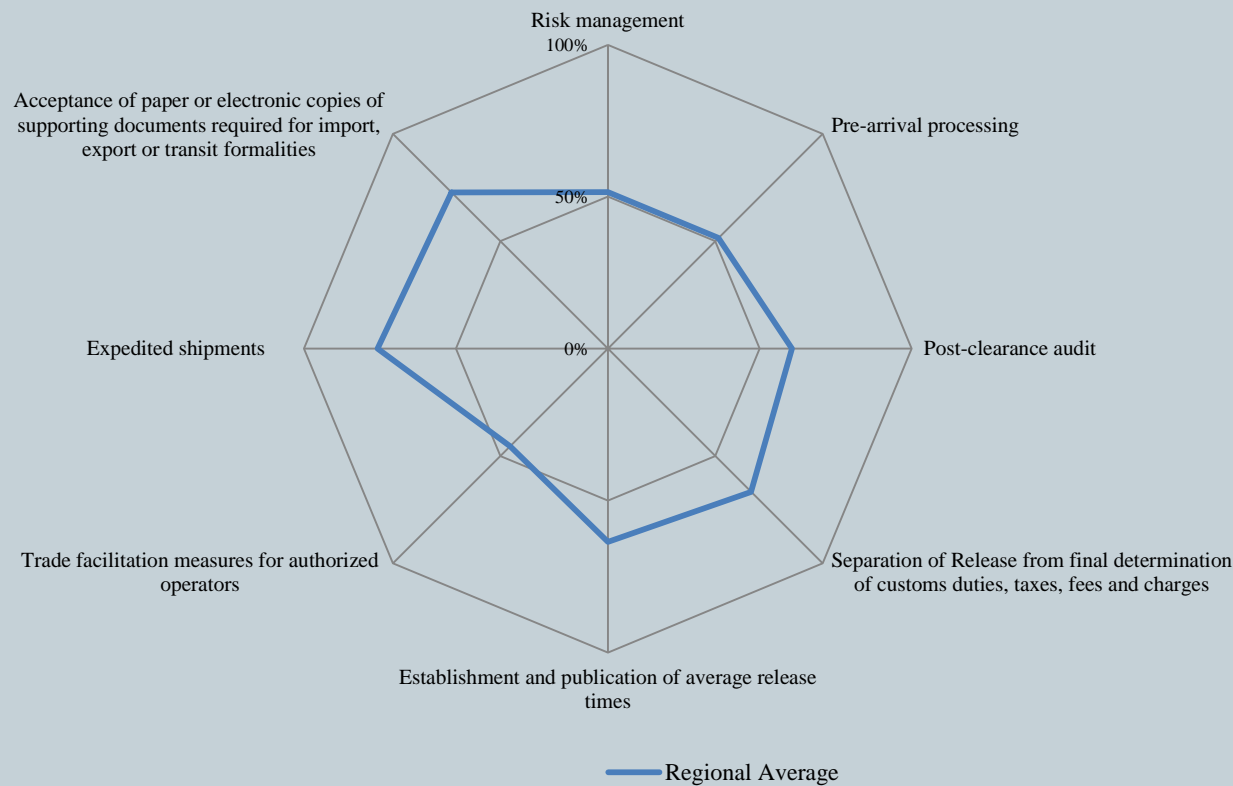
<b>Paperless trade</b>	<ol style="list-style-type: none"><li>1. Electronic single window</li><li>2. Electronic submission of air cargo manifests.</li></ol>	<ol style="list-style-type: none"><li>1. E-payment of custom duties and fees</li><li>2. Electronic application and issuance of trade licenses</li></ol>
<b>Cross-border paperless trade</b>	<ol style="list-style-type: none"><li>1. Recognized certification authority</li><li>2. Laws and regulations for electronic transactions</li></ol>	<ol style="list-style-type: none"><li>1. Banks and insurers retrieving letters of credit electronically without lodging paper-based documents</li><li>2. Engagement in trade-related cross border electronic data exchange.</li></ol>
<b>Transit facilitation</b>	<ol style="list-style-type: none"><li>1. Supporting pre-arrival processing for transit facilitation</li><li>2. Custom authorities limit the physical inspections of transit goods and use risk assessment</li></ol>	Cooperation between agencies of countries involved in transit



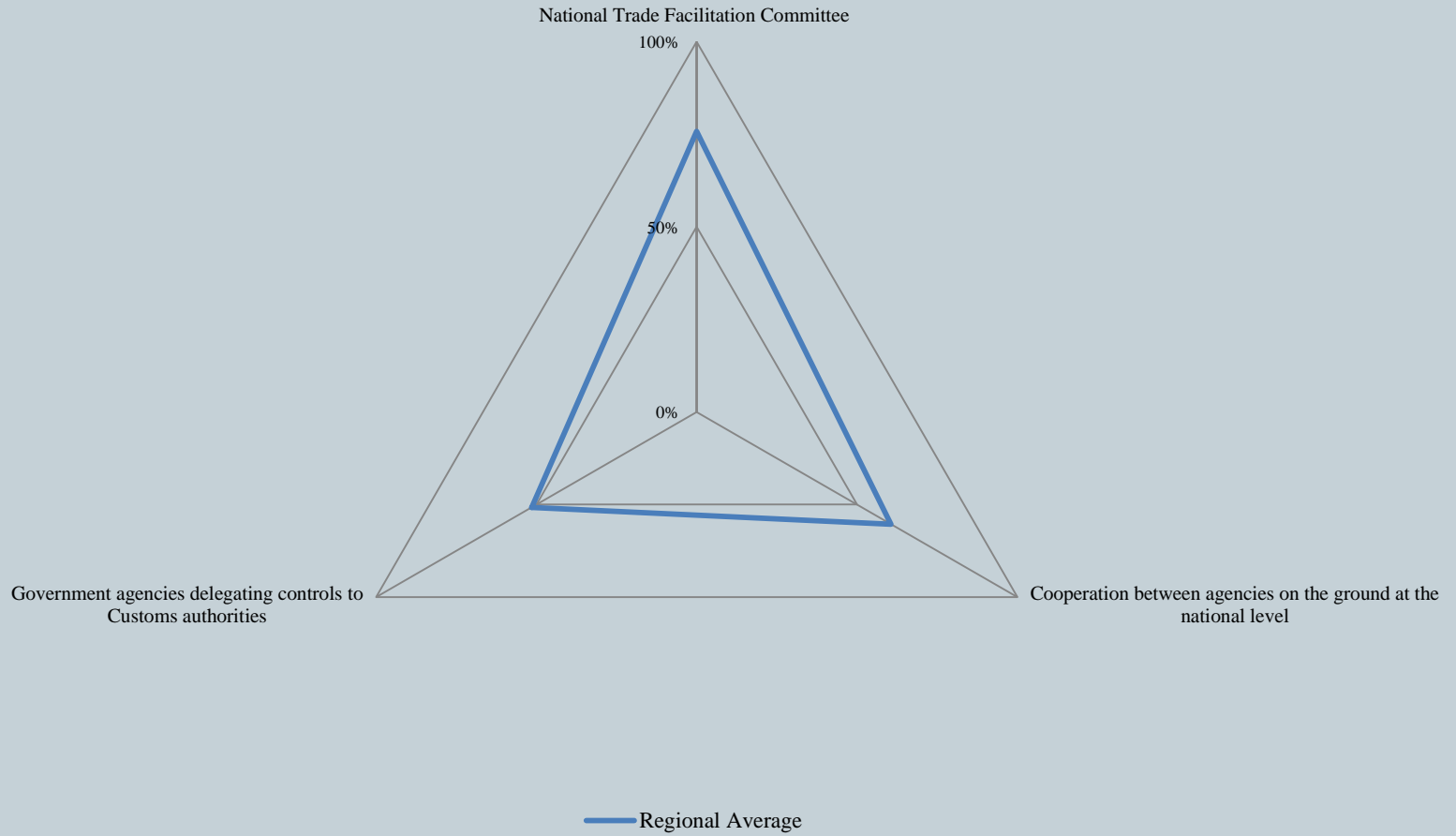
# Implementation of “transparency” measures



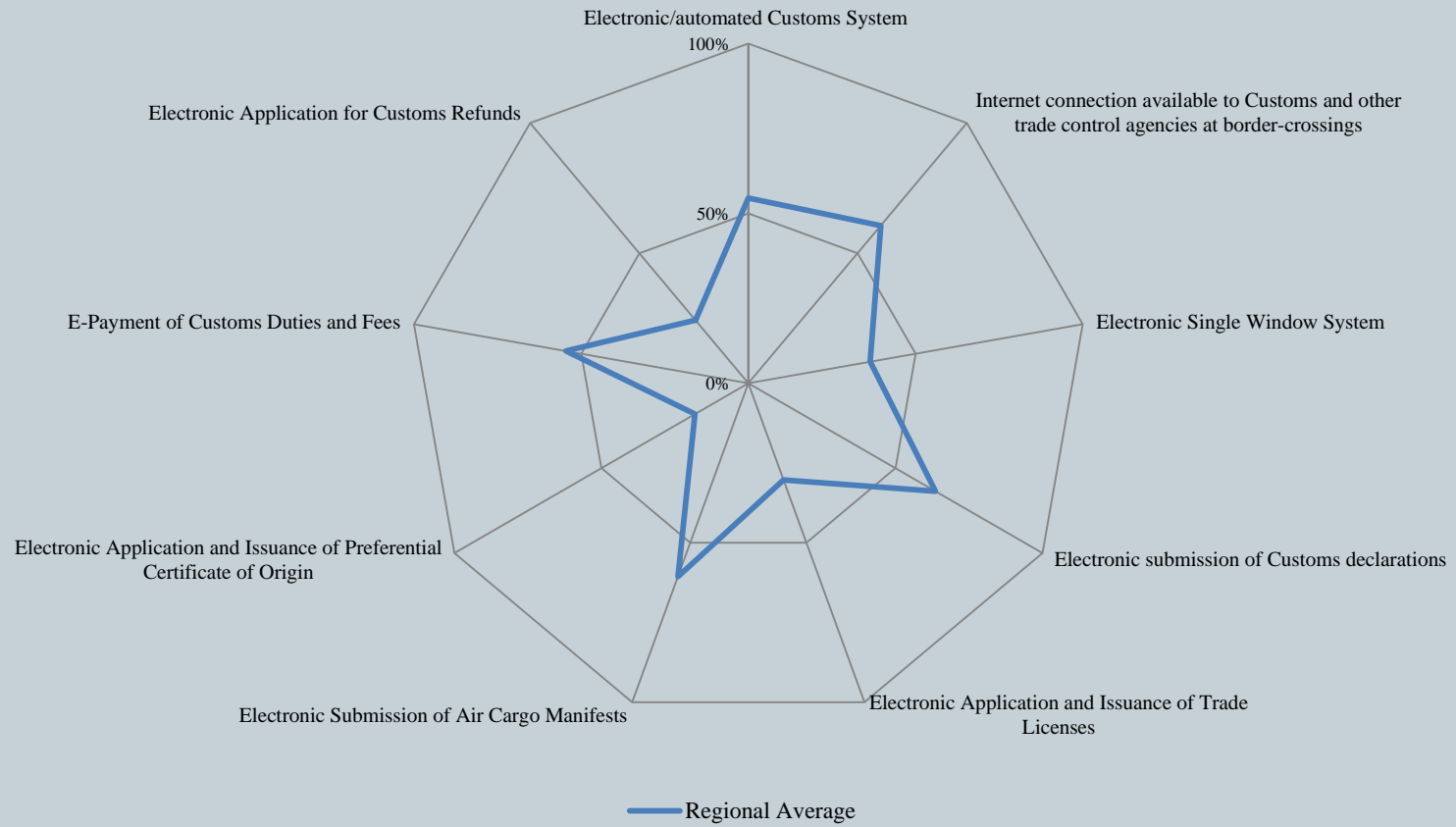
# Implementation of trade facilitation measures “formalities”



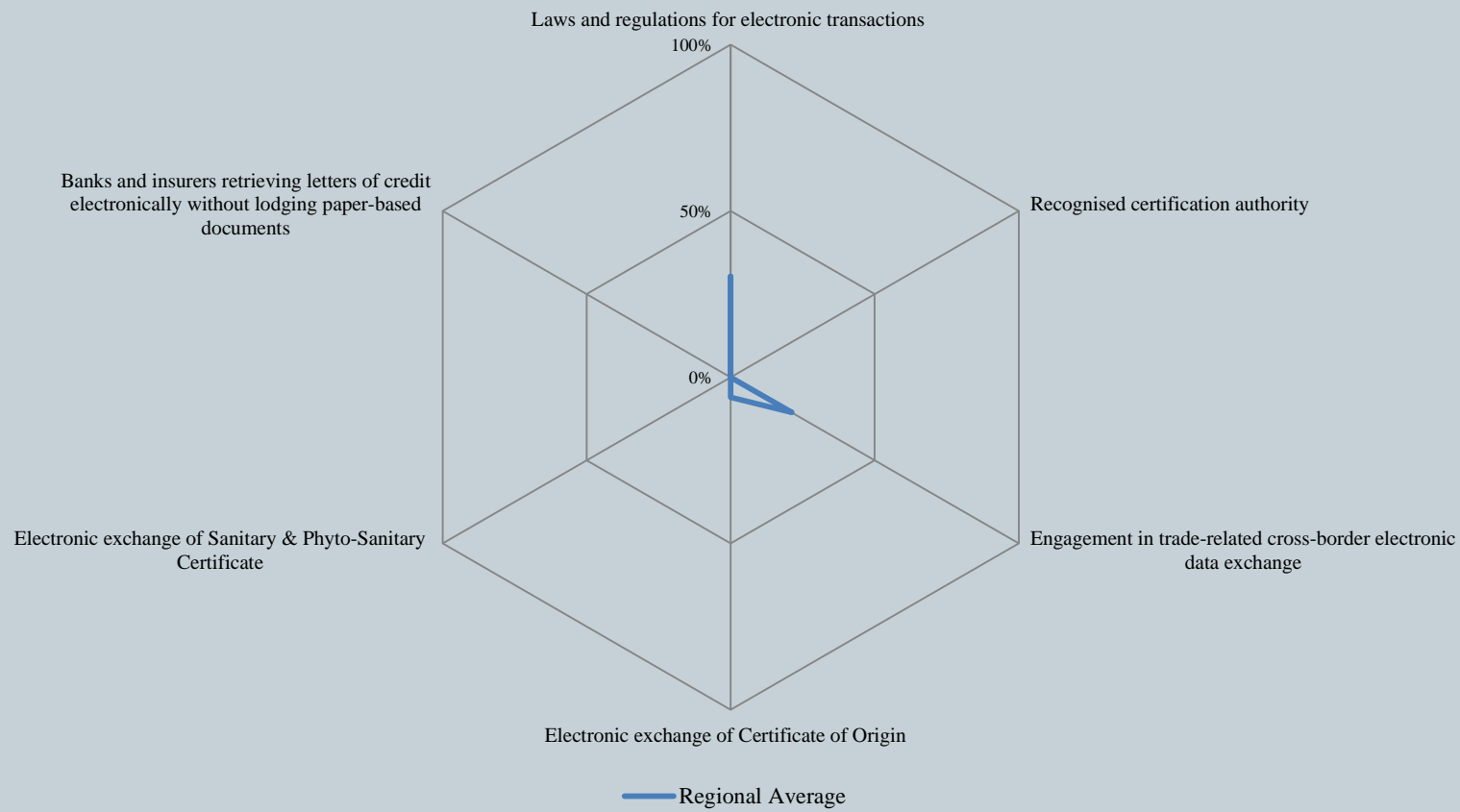
# Implementation of “institutional arrangement and cooperation” measures



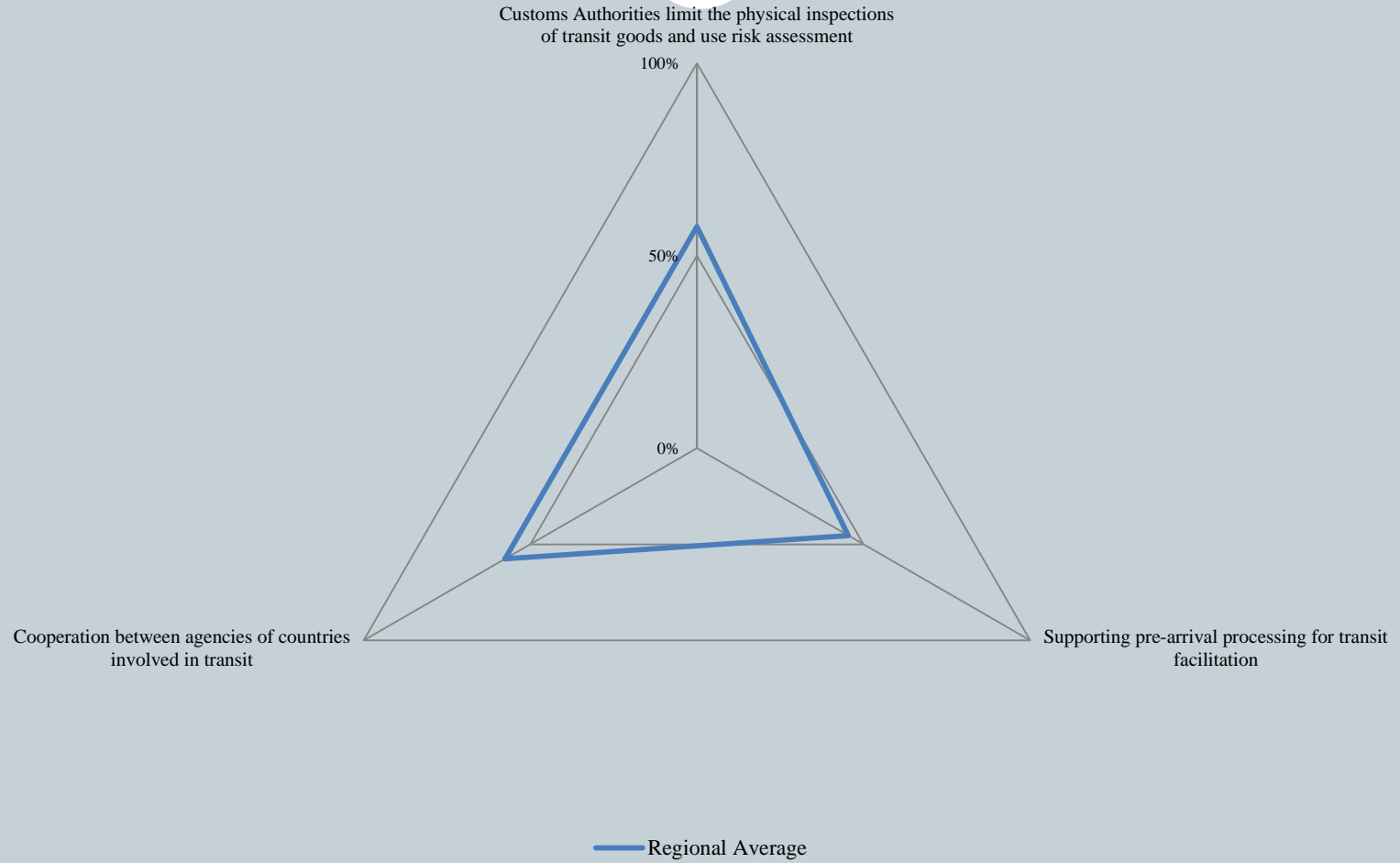
# Implementation of “paperless trade” measures



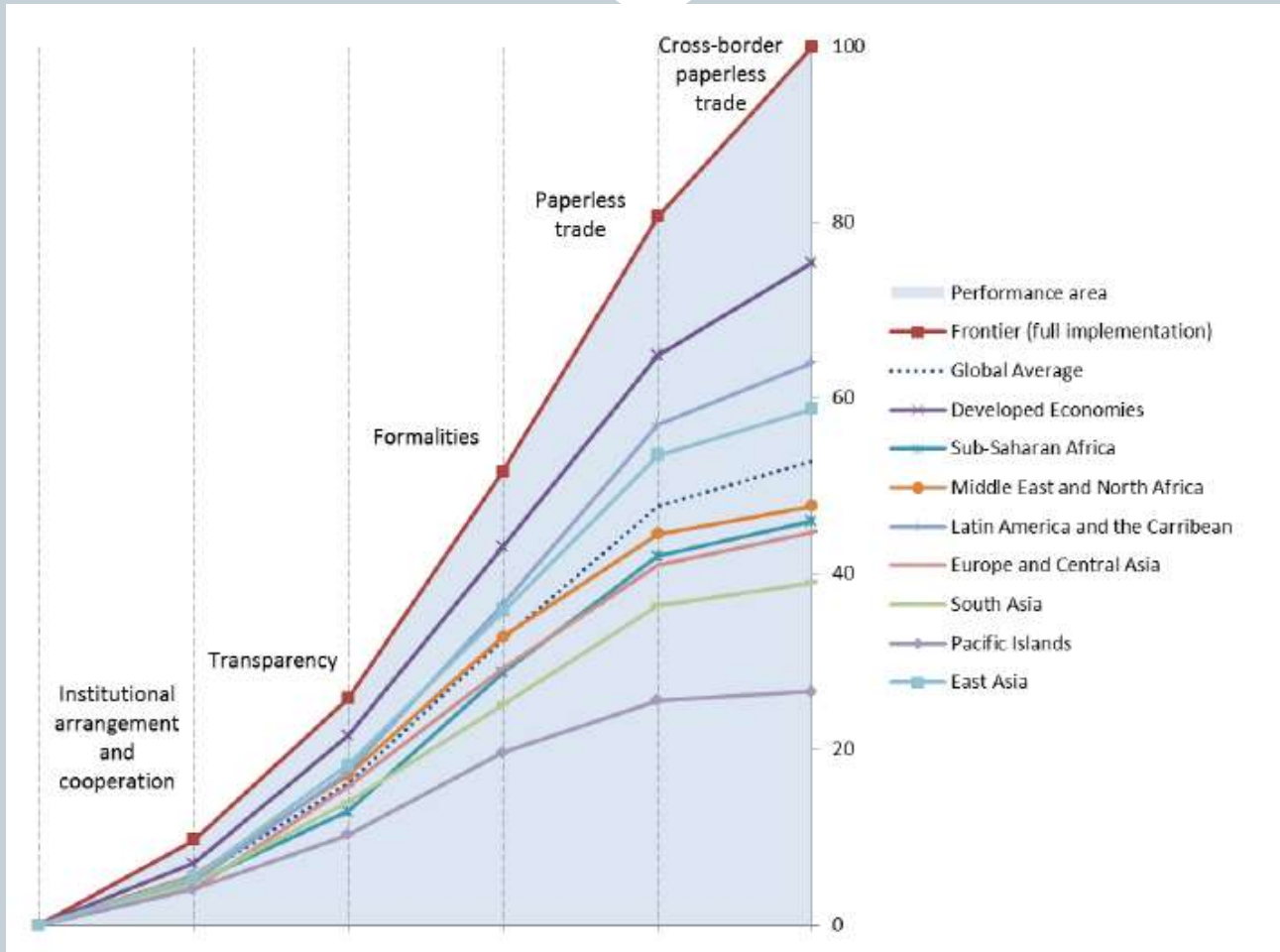
# Implementation of “cross-border paperless trade” measures



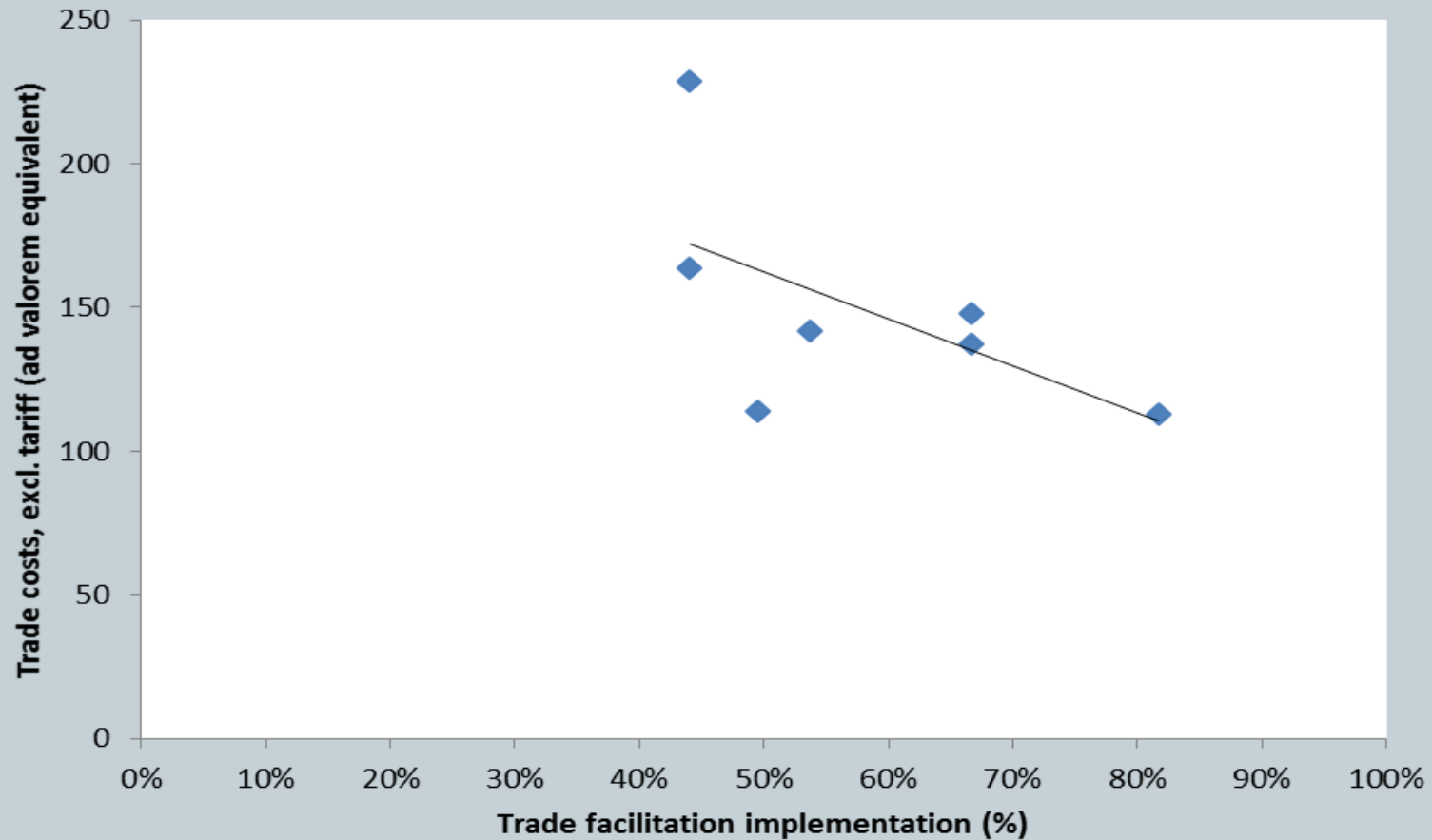
# Implementation of “transit facilitation” measures



# 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.

# Conclusion



- 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](mailto:al-ghaberi@un.org)