

WTO Trade Facilitation Agreement: Implications for Central Asia

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UNITED NATIONS
ECONOMIC COMMISSION
FOR EUROPE

UNECE

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

Mandate

To develop economic activity and strengthen economic relations within the UNECE region and with the rest of the world

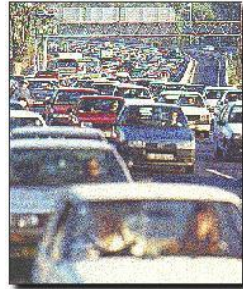
- 1 of 5 regional UN commissions
- 56 member States (all European States, CIS, USA & Canada)
- Neutral, Euro-Asian, Trans-Atlantic
- Secretariat in Geneva: 200 people



UNECE

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

*Fosters
Inter-
Governmental
Cooperation,
Consultation
and
International
Standards
Development*



Transport



Economic cooperation



Statistics



Sustainable energy



Housing



Trade



Population & Aging



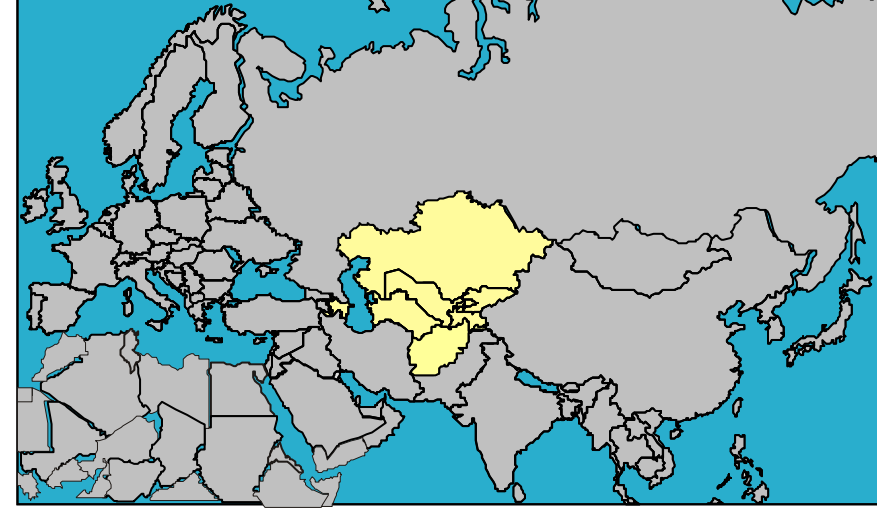
Environmental policy



Forests & timber



Trade in Central Asia



- (1) Common goals: modernization and faster development**
- (2) Supported by different choices: *liberalization or protection***
- (3) Regional trade *cooperation and integration would help* – i.e. a regional market**
- (4) So would a common playing field with shared rules via the WTO**
- (5) Needed *trade facilitation; regulatory cooperation and harmonization***
- (6) Needed: *a spirit of regional cooperation & supporting forums***



Central Asia is at the crossroad of Eurasia's trading blocs



Why is its trade potential not realized?

- 1) Being landlocked, with inadequate infrastructure and under-developed institutions
- 2) Cumbersome trade procedures, long delays and high trading costs

Country	2015 Rank Doing Business (DB)	Since 2014	2015 Rank DB/ <u>Trading Across Borders</u>	Cost to export a container USD	Days to Export without transport time	Days to Import without transport time	2014 Rank WB Logistics Perf. Indicator
Afghanistan	183	-1	184	5045	56	61	158
Azerbaijan	80	+8	166	3460	20	19	125
Kazakhstan	77	-1	185	5285	35	34	88
Kyrgyzstan	102	-3	183	4760	29	39	149
Tajikistan	166	+11	188	9050	26	27	114
Turkmenistan	---	---	---	---	---	---	140
Uzbekistan	141	+8	189	5090	29	68	129



Why is its trade potential not realized?

3) Neighbours often having similar issues that impact transit cargo

Country	2015 Rank Doing Business (DB)	Since 2014	2015 Rank DB/ <u>Trading Across Borders</u>	Cost to export a container USD	Days to Export without inland transport	Days to Import without inland transport	2014 Rank WB Logistics Perf. Indicator
China (Shanghai)	90	+3	98	620	19	22	28
Iran	130	+2	148	1350	18	31	---
Pakistan (Karachi)	128	-1	108	960	16	15	72
Russian Fed. (Moscow)	62	+2	155	2705	17	15	90
Turkey	55	-4	90	990	11	13	30



Central Asian/SPECA WTO Membership

Members

- Kyrgyzstan 1998
- Tajikistan 2013



Candidates

- Afghanistan (2015?)
- Azerbaijan
- Kazakhstan (2015?)
- Uzbekistan

Considering applying

- Turkmenistan



TRADE FACILITATION

Simplification

Harmonisation

Standardisation

Process of eliminating all unnecessary elements and duplications in formalities, processes and procedures

Alignment of national procedures, operations and documents with international conventions, standards and practices

Process of developing internationally agreed formats for practices and procedures, documents and information



WTO Trade Facilitation Agreement (TFA)

A recognition of Trade Facilitation's great potential to reduce trade costs*

11.7 to 14-1 % Low income countries

12.6 to 15.1 % Lower-middle income countries

12.1 to 12.9 % Upper-middle income countries

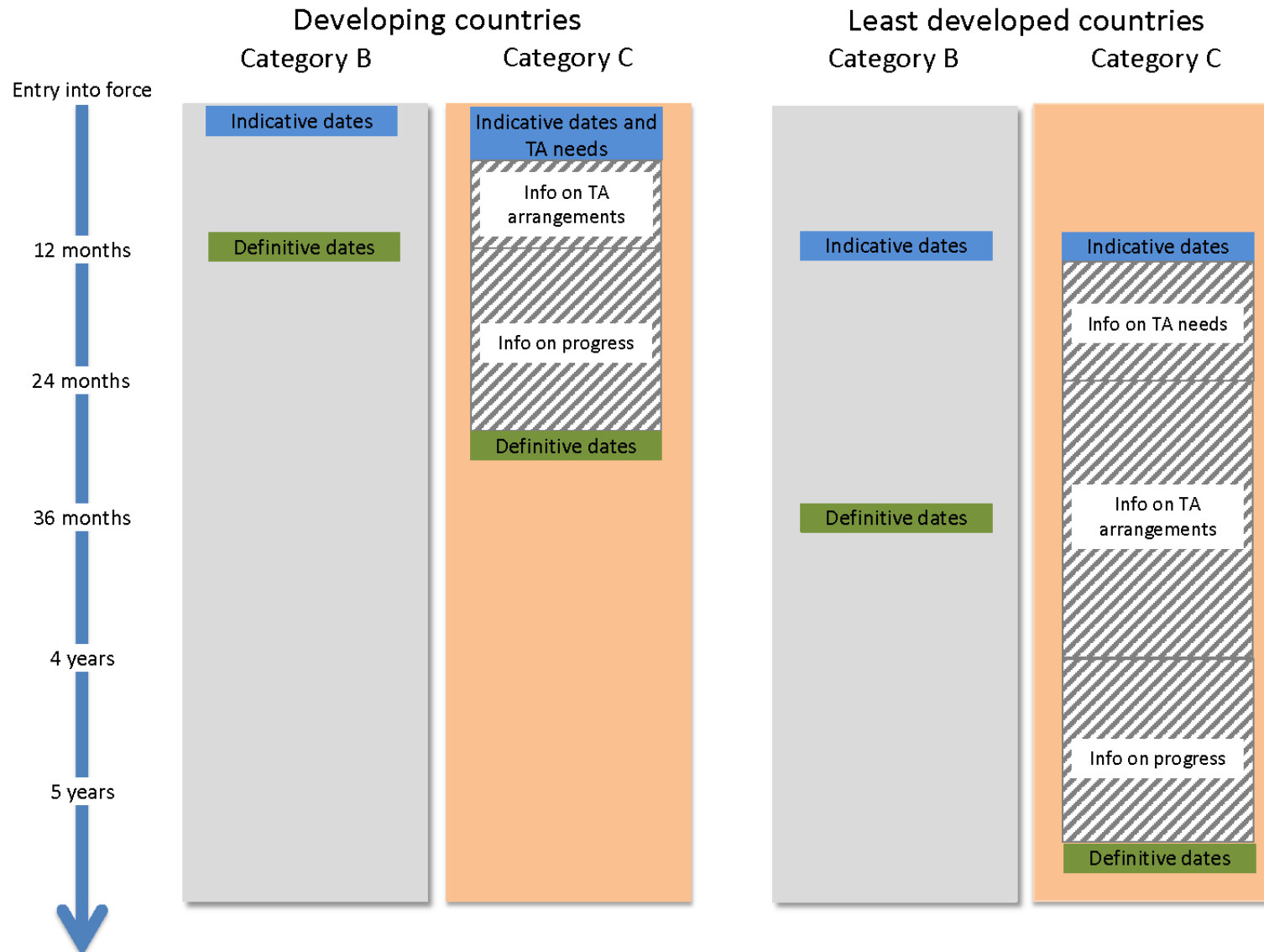
***OECD, February 2014**

<http://www.oecd.org/tad/facilitation/The%20WTO%20Trade%20Facilitation%20Agreement%20%E2%80%93%20Potential%20Impact%20on%20Trade%20Costs.pdf>

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TFA Commitments: Categories A, B, C



Category A

To be implemented «when the Agreement comes into force» (i.e. to be in place at that moment). This is after 2/3 of WTO members (103) ratify the Agreement



¡Ojo! Attention!
This could be sooner than you expect...



Article 1 Publication and Availability of Information

1.1. Each Member shall promptly publish the following information in a non-discriminatory and **easily accessible manner**.....

- Importation, exportation and transit procedures..... and required forms and documents;
 - a) Applied rates of duties and taxes.....
 - b) Fees and charges imposed.....in connection with importation, exportation or transit;
 - c) Rules for the classification or valuation of products for customs purposes;
 - d) Laws, regulations and administrative rulings.....relating to rules of origin;
 - e) Import, export or transit restrictions or prohibitions;
 - f) Penalty provisions against breaches of import, export or transit formalities;
 - g) Appeal procedures;
 - h) Agreements....with any country.....relating to importation, exportation or transit;
 - i) Procedures relating to the administration of tariff quotas.



Article 1 Publication and Availability of Information



Inter-Ministerial & Inter-Agency Coordination

Who will coordinate?

Who will ensure timely publication (and how)?

Who will ensure accessibility (information on 10 separate web sites and in 8 different publications does not qualify!)

Who will identify which existing information needs to be published?

Who will identify which new information needs to be published



Article 11 Freedom of Transit

WCO

RKC GA Ch. 1, Ch. 3, Ch.5
and Ch.6 and Specific
Annex E Ch.1
WCO Customs
Compendium No.3

[Customs transit](#)
[Transit transport operation](#)

UNECE

TIR Convention
UNECE Int'l Convention on
Harmonization of Frontier
Controls

[TIR Convention](#)
[Int'l Convention on](#)
[Harmonization of Frontier](#)
[Controls](#)

UNCTAD

Technical Notes - Freedom
of Transit and Regional
Transit Arrangement.
Bonded Customs Transit

[UNCTAD technical notes](#)



Trade and Transport in a Region

Customs Transit Needed for :

- A country to be linked to trade routes
- Smooth border procedures → allowing inland declaration
- Economic development → through free zones, inward processing



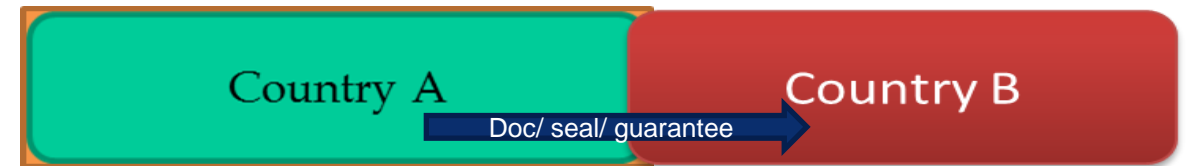
Several Kinds of Customs Transit Systems

National transit



Bilateral or multilateral transit


Closed system between two or more countries (access on invitation)



Global transit → TIR



Article 11 Freedom of Transit

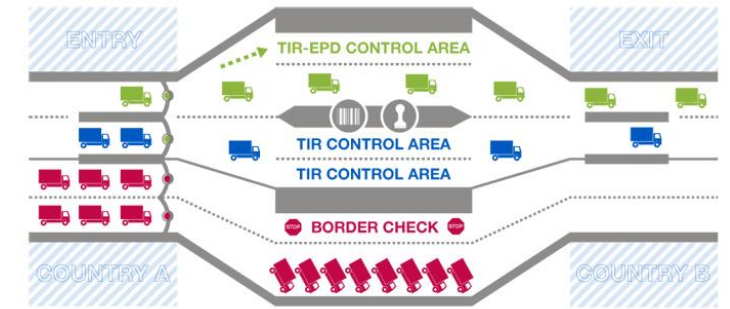
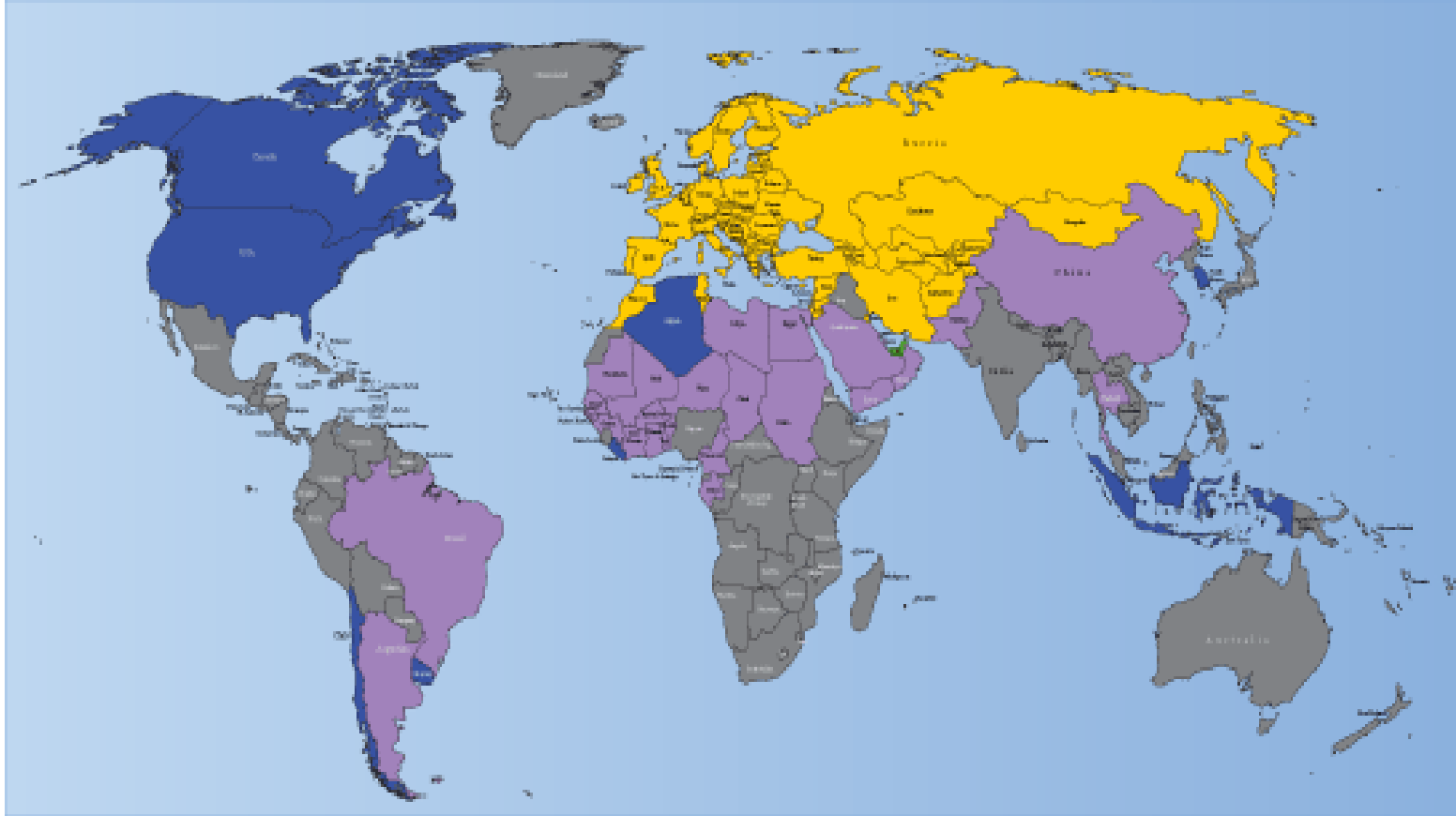


This requires:
Cooperation
Coordination,
Harmonization
with multiple transit countries

Having 10 different transit procedures is better than none but is still very expensive and time consuming for traders



Geographical scope of the TIR Convention



- Contracting parties to the TIR Convention
- TIR operational countries
- In admission countries
- Interested Parties

Article 23: Institutional Arrangements

23.2 National Committee on Trade Facilitation

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 the provisions of this Agreement.

Joint UNECE, UNCTAD and ITC Recommendation and Publication available in the next 6-8 weeks



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 Document Requirements

8. Rejected goods

9. Temporary admission of goods/ inward and outward processing



UNITED NATIONS
ECONOMIC COMMISSION
FOR EUROPE

From:

**Open borders where Customs
stop the “bad guys”**

To:

**Protected borders where Customs
let the “good guys” pass**

(Head of Belgian Customs)



Convention on the Harmonization of Frontier Controls of Goods, 1982

- 57 Contracting Parties
- Latest accessions: Jordan, Lao People's Democratic Republic, Moldova, Tunisia, Iran, Tajikistan, Morocco
- Expressed interest to join: China



UNECE Definition of a Single Window

“A Single Window is a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements.”

If information is electronic, then individual data elements should only be submitted once”.

UN/CEFACT Recommendation 33



UN Recommendation 33 on Single Window

Recommends that Governments to establish a Single Window for Cross Border Trade

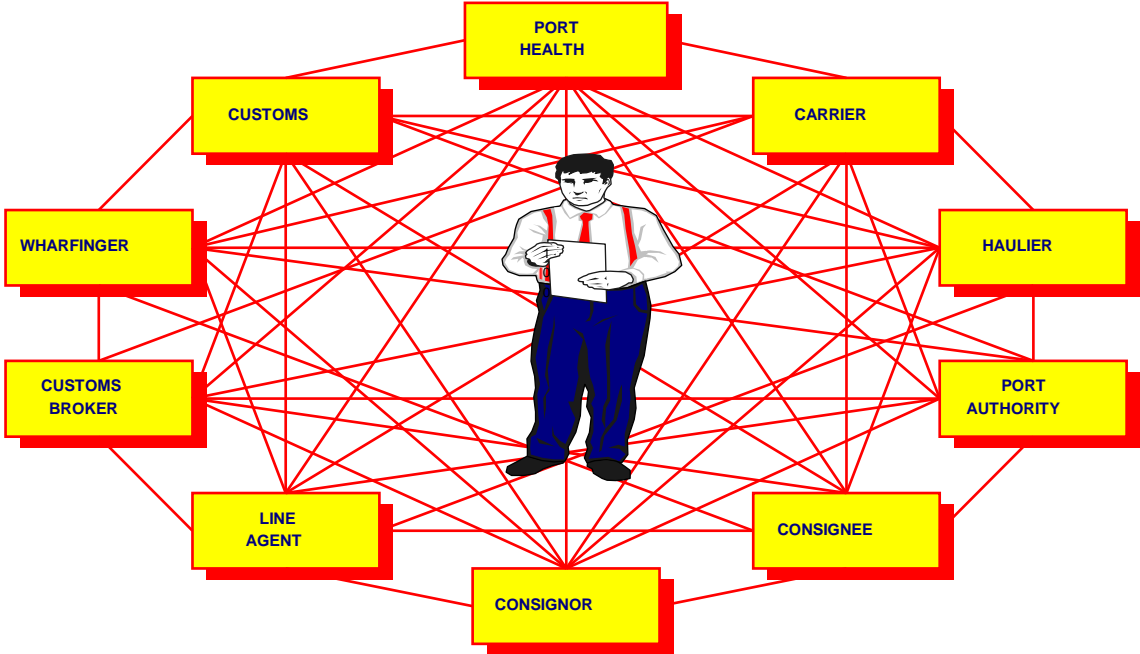
Defines features:

- ... one time submission
- ..of standardized information and documents
- sharing of information amongst government agencies;
- coordinated controls and inspections of the various governmental authorities;
- Allow payment of duties and other charges;
- Be a source of trade related government information.



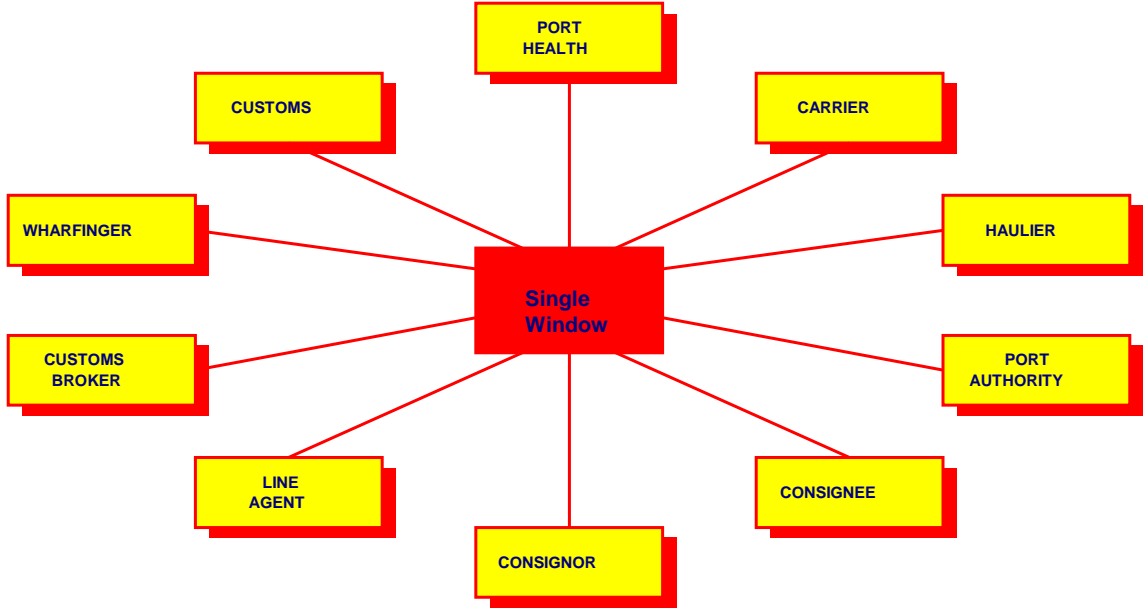
Streamlining trade information: The Single Window

FROM



**Mountains of paper
Up to 30 % mistakes**

TO



**One time submission, re-use
of information, co-ordinated
control**



The Single Window (SW) in Singapore & Korea

- In **Singapore**, the SW System (**Trade Net**) allows the business community to:
 - submit **100 % of trade applications** (9 mln per year) to all concerned government authorities
 - with a processing time of **10 minutes**

- In **Korea**, the SW System:
 - Processes **80% of all import applications** (3,000 per day)
 - It is s used by **17 participating organizations** and about **16,068 businesses** from the trade community (as of December 2009).

- In **both countries Firms' savings** in labor, printing, paper delivery, storage, inventory costs, etc. amount to approx **US\$ 1 billion per year**



Diversity of Single Window models

- **Financing**

- By the State (Finland, Sweden, United States),
- By the private sector (e.g. Guatemala, Germany)
- Public-private partnership (e.g. Ghana, Mauritius, Senegal, Singapore)

- **Use of Single Window**

- Compulsory (Finland, Guatemala, Mauritius, Senegal)
- Voluntary (Germany, Malaysia, Sweden, United States)

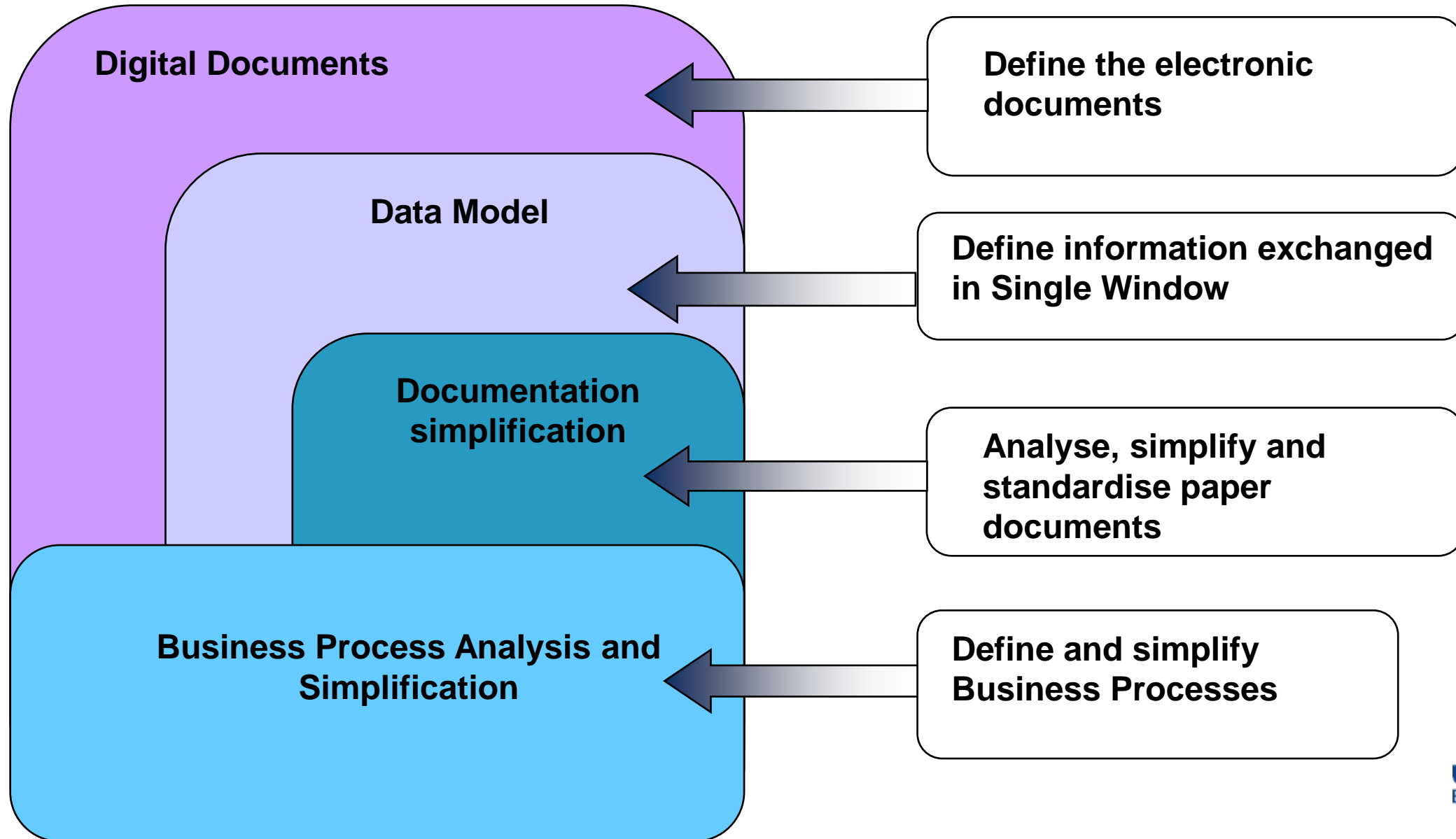
- **Fees**

- Free (Finland, Sweden, United States)
- Paid based on various payment schemes (Guatemala, Germany, Malaysia, Mauritius, Senegal, Singapore)



How to automate data processing for Single Window: Four Steps

Objectives





Too many documents...

- Enquiry
- Order
- Despatch advice
- Collection order
- Payment order
- Documentary credit
- Forwarding instructions
- Forwarder's invoice
- Goods receipt
- Air waybill
- Road consignment note
- Rail consignment note
- Bill of lading

- Freight invoice
- Cargo manifest
- Export licence
- Exchange control doc.
- Phytosanitary certificate
- Veterinary certificate
- Certificate of origin
- Consular invoice
- Dangerous goods declaration
- Import licence
- Customs delivery note
- TIR carnet



Rec:19
Mode of Transport

Rec:16
UN/Locode

ISO Country Code

Rec: 17
Payment Terms

The image shows a screenshot of a PDF document titled "UNEDocs EXPORT CUSTOMS DECLARATION" displayed in a PDF viewer. The document is a customs declaration form with various fields. Blue callout boxes point to specific fields, each labeled with a reference code and a description. The fields and their corresponding callouts are:

- Rec:19 Mode of Transport (points to field 25)
- Rec:16 UN/Locode (points to field 26)
- ISO Country Code (points to field 10)
- Rec: 17 Payment Terms (points to field 17)
- Rec:9 Currency Code (points to field 22)
- Commodity Code (points to field 33)
- Rec:20 Units of Measurement (points to field 35)
- Rec:28 Means of Transport (points to field 18)
- Rec: 21 Package Codes (points to field 30)

The form fields include:

- 1 Consignor / Exporter
- 3 Forms
- 4 Loading lists
- 5 Items
- 6 Total packages
- 7 Reference number
- 9 Person responsible for financial settlement
- 10 Country first
- 11 Trading
- 13 CAP
- 14 Agent / Representative
- 15 Country of despatch / export
- 16 Country of origin
- 17 Country of final destination
- 18 Identity and nationality of means of transport at departure
- 19 Ctr.
- 20 Delivery terms
- 21 Identity and nationality of active means of transport crossing the border
- 22 Currency and total amount invoiced
- 25 Mode of transport
- 26 Inland mode
- 27 Place of loading
- 28 Financial and banking data
- 29 Office of exit
- 30 Location of goods
- 31 Marks and numbers - Container No(s) - Numbers and kind
- 32 Article No.
- 33 Commodity code
- 34 Country origin code
- 35 Gross mass (kg)

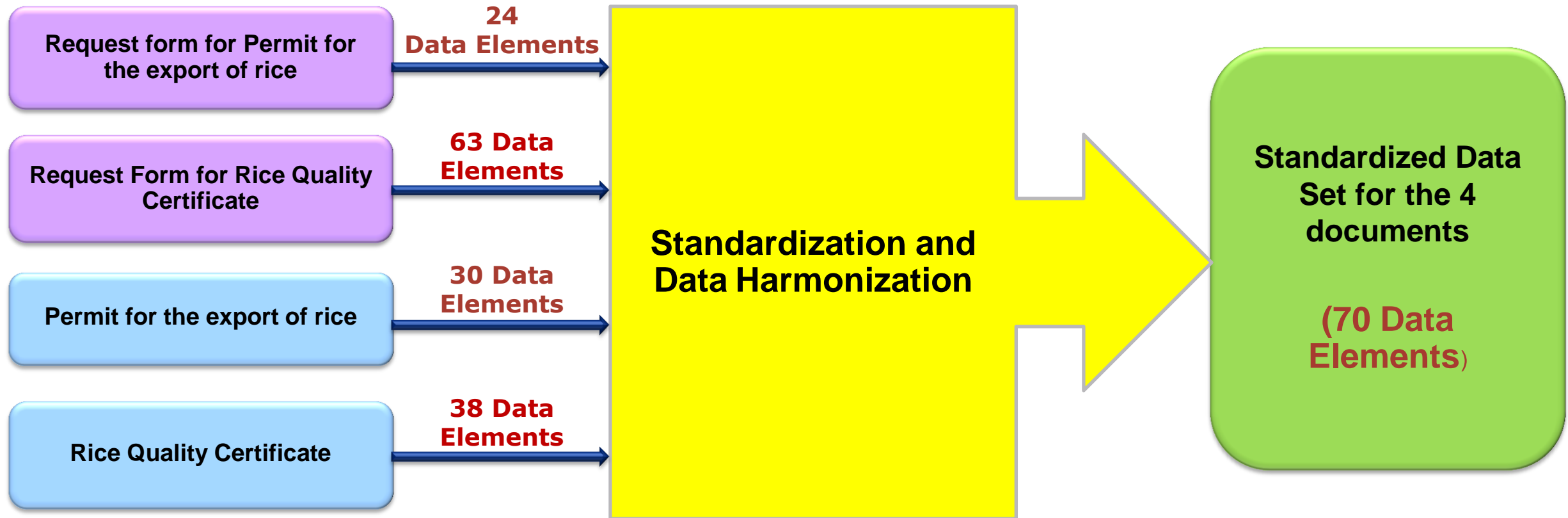
Rec: 28
Means of Transport

Rec: 21
Package Codes

Rec:20 Units of
Measurement



Example - Data Harmonization of 4 documents (Exporting Rice)



Standardization and Harmonization can reduce the data elements from $24+63+30+38=155$ data elements to **70 data elements for a standardized data set**





Electronic data exchange requires very precise data definitions

TDED 3404 Person name
Family name and given names of an individual.

Person Name

- Nickull, Duane A.
- Mr. Nickull
- Duane Nickull
- D. A. Nickull
- Duane A. Nickull
- Duane Allan Nickull
- Nickull, Duane Allan
- Mr. D. Nickull
- Monsieur D.A. Nickull

The UN Centre for Trade Facilitation and Electronic Business develops standardised data definitions as found in the UN Trade Data Elements Directory and the Core Components Library

<http://www.unece.org/cefact.html>



Too much to do... Too much to remember Where to start???

- 1) Be careful what you commit to and for when
- 2) Set priorities and pay attention to sequencing
- 3) Do low-cost, high-return projects first whenever you can
- 4) Plan and include Key Performance Indicators so that you can demonstrate results
- 5) Remember donor funds may come later than expected
- 6) After setting up your National Trade Facilitation Committee, seriously consider preparing a National Trade Facilitation Strategy
- 7) Use existing resources



TRADE FACILITATION IMPLEMENTATION GUIDE

**A tool for simplifying
cross-border trade**



ABOUT THE GUIDE

Purpose

Present concepts, standards and recommendations that can help simplify trade throughout the international supply , along with implementation approaches & methodologies.

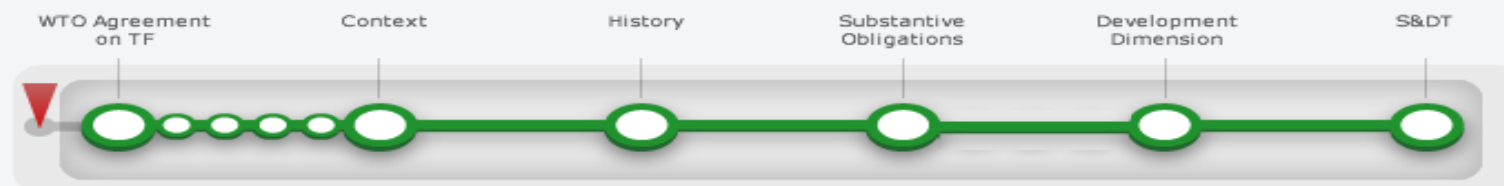
Target

- Policymakers and high-level managers
 - Implementers and technical experts
-from governments, businesses and international organizations

Format

- A web-based interactive tool at <http://tfig.unece.org/>
- In a wikipedia style (with entry points and cross links to navigate contents)
- Available in Arabic, English, French, Russian and Spanish

WTO Agreement on Trade Facilitation **itinerary**:



START. Click on the individual items of the graphic above to navigate the itinerary!

ITINERARY



At the 9th Ministerial Conference in Bali, 3-6 December 2013, the WTO Members concluded the negotiations on an Agreement on Trade Facilitation. The Agreement is annexed to the Draft Ministerial Decision. As stated in the Ministerial Decision the annexed Agreement is still subject to “legal review for rectifications of a purely formal character that do not affect the substance of the Agreement”. This legal review is set to conclude by 31 July 2014.

WTO MAP



[WTO Agreement on Trade Facilitation and links to available
Trade Facilitation Instruments](#)

This itinerary introduces the history and context of the WTO negotiations on trade facilitation, and presents the provisions of the new WTO Agreement on Trade Facilitation.

There is a special itinerary on the WTO TFA

TFIG shows all WTO TFA articles and links to different instruments for implementing them

▶ ARTICLE 1 - PUBLICATION AND AVAILABILITY OF INFORMATION

▶ ARTICLE 2 - OPPORTUNITY TO COMMENT, INFORMATION BEFORE ENTRY INTO FORCE AND CONSULTATION

▼ ARTICLE 3 - ADVANCE RULINGS

Article	TF Instrument		Links to Pages in the guide with more information (pink are generic pages, blue color are specific relevant instruments)
	WCO	RKC, General Annex (GA) Ch.9 Recommendation (1996) on the introduction of programmes for binding pre-entry classification information WCO Recommendation (1998) on the improvement of Tariff Classification work and related infrastructure (Appendix Part II) WCO Technical Guidelines on Binding Origin Information	Advance ruling Revised Kyoto Convention UNCTAD technical notes ICC customs guidelines
	UNCTAD	Technical Notes - Advance Rulings	
	ICC	Customs guidelines 43 to 46	

▶ ARTICLE 4 - APPEAL OR REVIEW PROCEDURES

▶ ARTICLE 5 - OTHER MEASURES TO ENHANCE IMPARTIALITY, NON DISCRIMINATION AND TRANSPARENCY

▶ ARTICLE 6 - DISCIPLINES ON FEES AND CHARGES IMPOSED ON OR IN CONNECTION WITH IMPORTATION AND EXPORTATION

▶ ARTICLE 7 - RELEASE AND CLEARANCE OF GOODS

▶ ARTICLE 8 - BORDER AGENCY COOPERATION

▶ ARTICLE 9 - MOVEMENT OF GOODS UNDER CUSTOMS CONTROL INTENDED FOR IMPORT

▶ ARTICLE 10 - FORMALITIES CONNECTED WITH IMPORTATION AND EXPORTATION

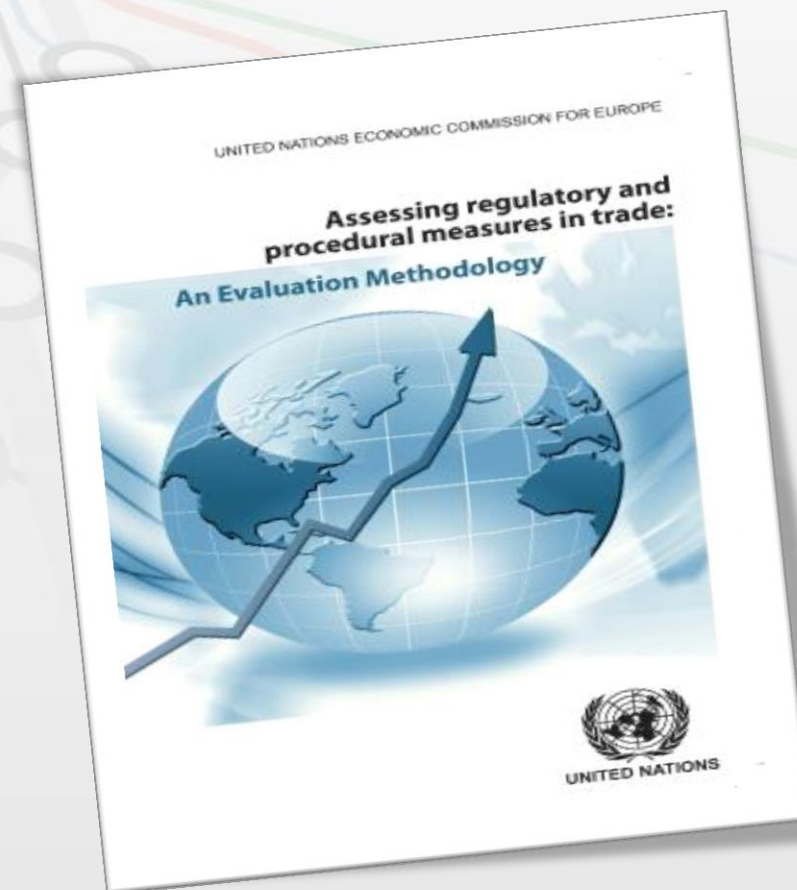
▶ ARTICLE 11 - FREEDOM OF TRANSIT

▶ ARTICLE 12 - CUSTOMS COOPERATION

▶ ARTICLE 13 - INSTITUTIONAL ARRANGEMENTS

ASSESSMENT OF NEEDS AND STATE OF IMPLEMENTATION

- **Assessing regulatory and procedural measures in trade** (new version printed in 2013) in EN and RU
- A methodology tailored to **capture behind and at-the-border trade-related procedural and regulatory barriers to trade.**
- **Highlights the inter-play between the identified barriers and their impact on export competitiveness; supports the provision of detailed recommendations**



NEEDS ASSESSMENT AND STATE OF IMPLEMENTATION

Findings and recommendations from Assessment studies are used to:

i) **identify priority action-areas** for reducing regulatory and procedural barriers to trade, and ii) structure sequenced interventions

Done: Belarus (2011), Kazakhstan (2012) and Tajikistan (2013-4), Kyrgyzstan (2015)

Upcoming: Albania and Moldova



CREATING A TF ROADMAP

- UNECE is also developing a, Guide on how to write a national TF strategy, building on lessons learned from a project to Support Greece's Trade Facilitation Reform.
- A TF Roadmap is a document that summarizes the national trade facilitation strategy for the medium term (three to five years).
- It defines the overall national TF policy objectives , the set of actions to be undertaken, the key performance indicators (KPI) to measure implementation progress and the timelines.

The Rationale:
Why is the reform necessary? Where do we stand, where do we want to go?

The Strategy:
What do we want to do?

Organisation of the Roadmap:
Who implements it? When? And how much will it cost?



UN Special Programme for the Economies of Central Asia (SPECA)



Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan,
Tajikistan, Turkmenistan and Uzbekistan

SPECA Project Working Group on Trade (PWG)

Strengthening support to the Region

- **UNECE invites countries of the region and the region's development partners to deepen their collaboration in support of regional trade cooperation**
- **Brainstorming high-level Seminar, 3 July 2015,**
- **Palais des Nations, Room XII**

Possible areas of work

- **Developing national and regional trade facilitation strategies/road maps;**
- **Exchanging best practices and building regional cooperation;**
- **Supporting integration into the global rules-based trading system (WTO), including through:**
 - **exchanges of experience among the countries' WTO negotiators;**
 - **reinforcing national efforts to implement the WTO Trade Facilitation Agreement;**
- **A regional study on regulatory and procedural barriers to trade;**
- **Examining the opportunities and challenges presented by trade with large neighbours to the region;**
- **Supporting development of regional supply chains in priority sectors.**

Thank you

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