

WTO Trade Facilitation Agreement: Implications for Trade Policy Formulation

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WTO agrees global trade deal worth \$1tn - BBC

\$1tr Boost for trade as global deal struck - CNN

Bali deal saves WTO from irrelevance
Financial Times

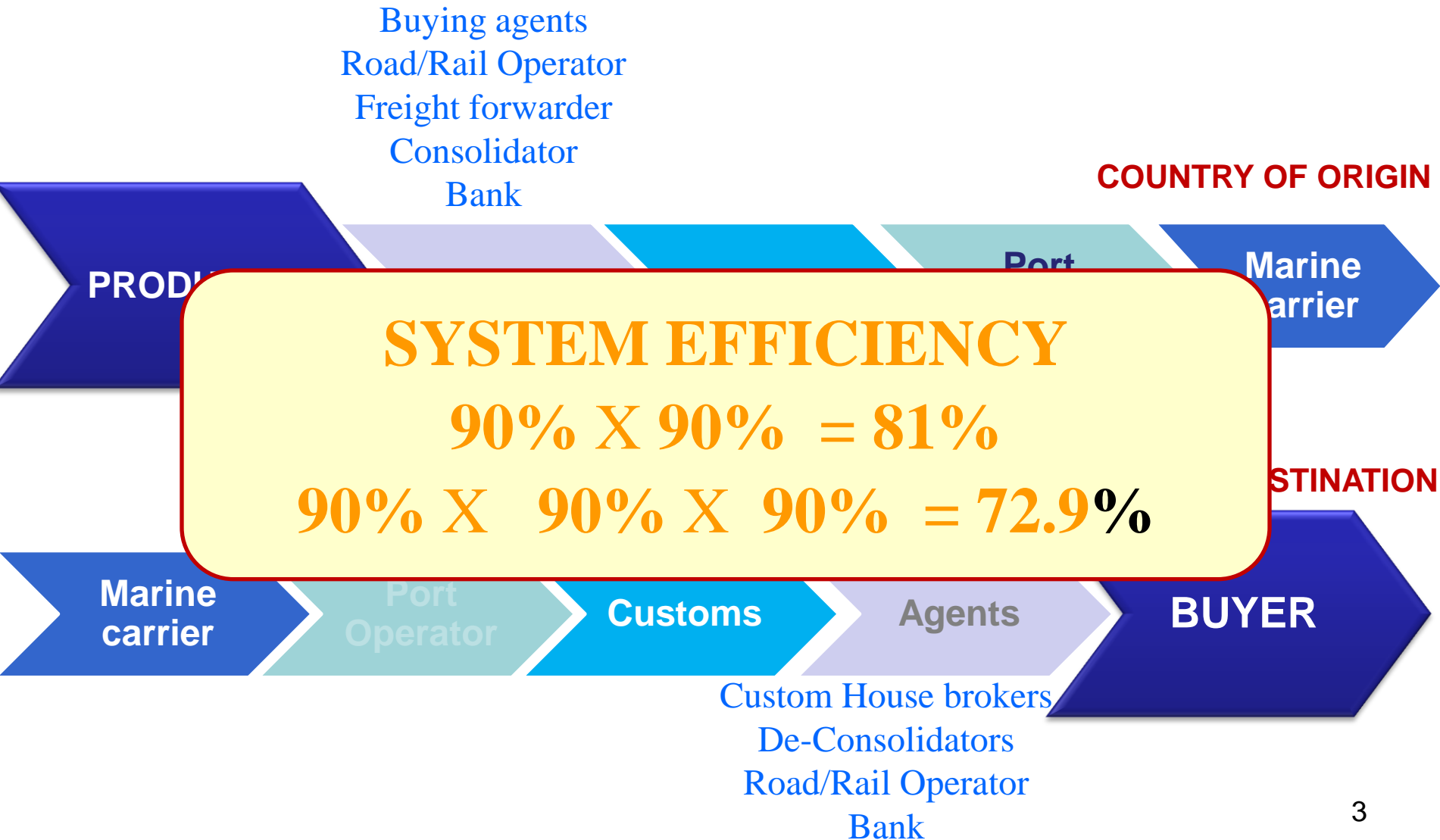
WTO's TF Agreement Historic Deal
ABC News

Fixing Trade Facilitation: The Trillion-Dollar Development
CSIS

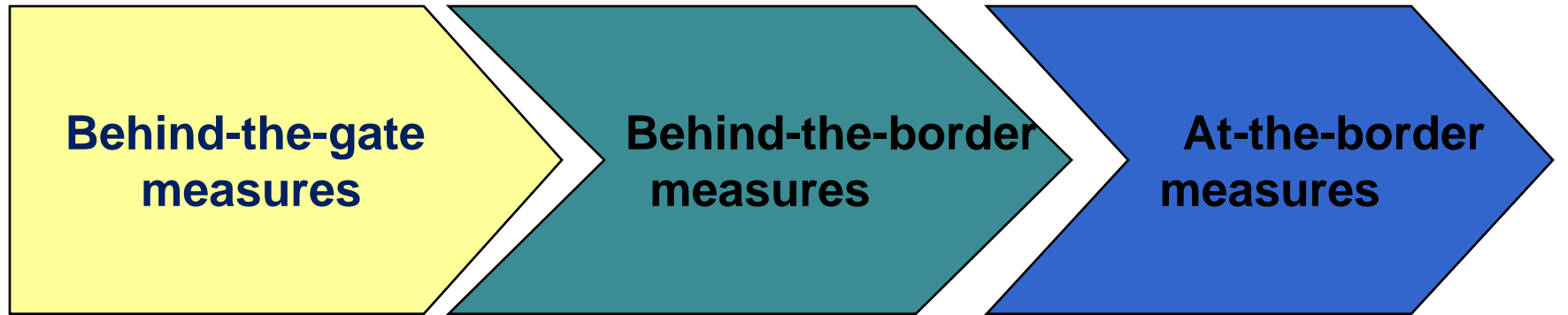


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International Supply Chain



Different Avenues of Trade Facilitation



- Inventory control
- Staff training & development
- In-house processes and procedures

- Transport corridors
- Supply chain management
- Business facilitation

- Simplified and harmonized customs and trade procedures
- Simplified and harmonized documents and controls

It can produce best results where cooperation between different ministries/agencies of the government work hand in hand with private sector

Trade Facilitation - Definition

- “The simplification, harmonization and standardization of procedures, activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade”.
WTO Online Training Module

TRADE FACILITATION

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graph TD; A([TRADE FACILITATION]) --> B[Simplification]; A --> C[Harmonisation]; A --> D[Standardisation]; B --> E[Process of eliminating all unnecessary elements and duplications in formalities, processes and procedures]; C --> F[Alignment of national procedures, operations and documents with international conventions, standards and practices.]; D --> G[Process of developing internationally agreed formats for practices and procedures, documents and information.];
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Simplification

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

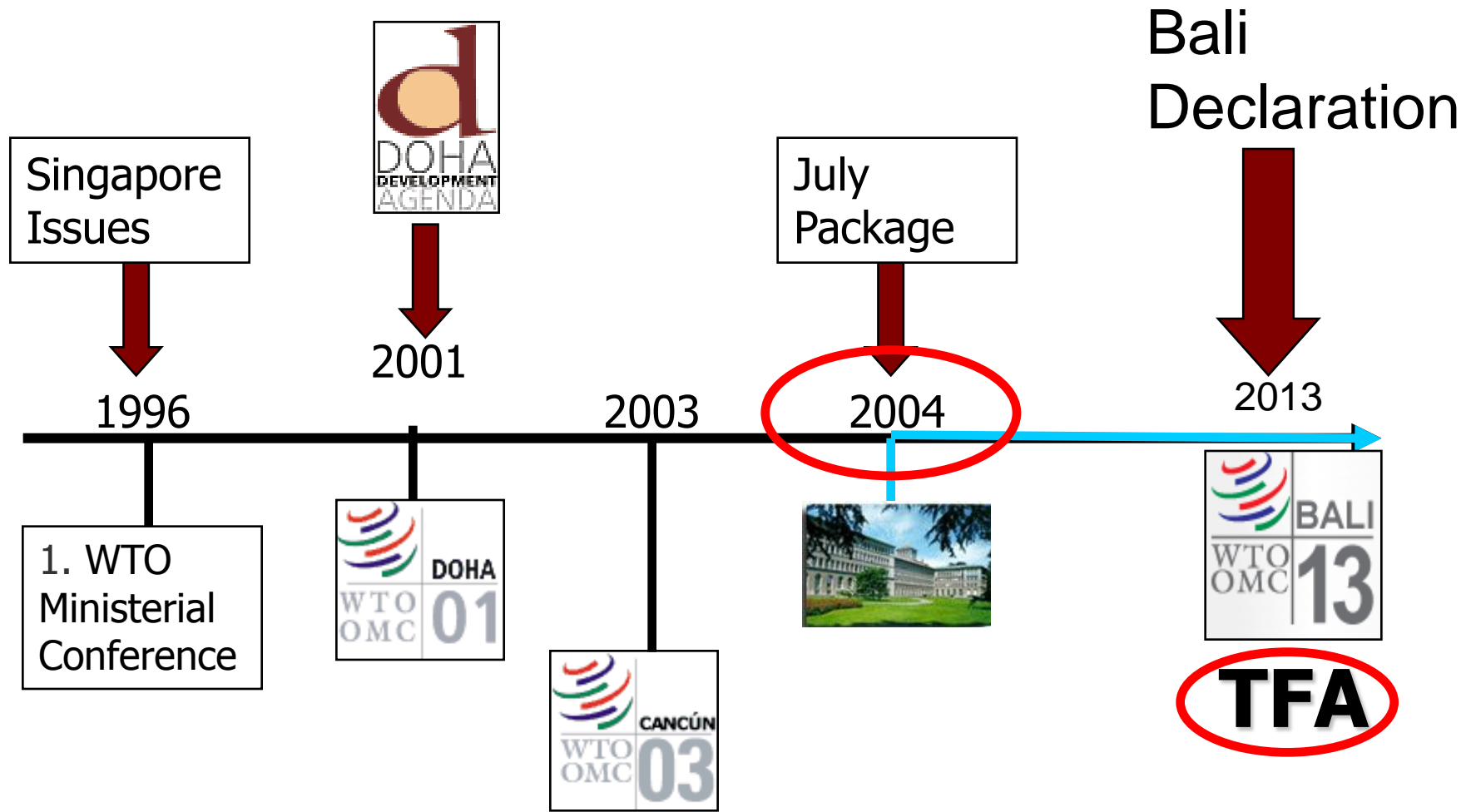
Harmonisation

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

Standardisation

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

Time Line of TF Negotiations



Mandate

• *Annex D of the General Council Decision of 1 August 2004- Sets out modalities for Negotiations*

□ Clarify and improve GATT Articles V, VIII and X:

- **Aim – to reduce transaction costs of trade**

□ Special and differential treatment, technical assistance and support for capacity building in developing countries and LDCs:




Aim – to help developing countries and LDCs to develop and implement better trade facilitation practices

□ Increase customs cooperation:

- **Aim - better communication between customs authorities of Members**

Trade Facilitation Agreement

Section I- Substantive Provisions:

- Article X (Transparency)  Art. 1-5
- Article VIII (Fees & Formalities)  Art. 6-10
- Article V (Transit)  Article 11
- Other issues: Customs Cooperation

Section II- S&D Treatment :

– Categorization of Commitment

- Cat A – Implementation on EIF
- Cat B – Implementation after transition period
- Cat C – Implementation on acquisition of capacity

Pakistan's State of Compliance

- Customs Centric Agreement
- Reform in 1990s
- High level of Compliance for Customs related measures
- Challenges for Inter-agency measures
- Independent Assessments: UNCTAD, World Bank, WEF etc

Pak' State of Compliance (2)

<i>Country-region / Indicator</i>	<i>Pakistan</i>	<i>South Asia</i>	<i>OECD</i>
Documents to export (number)	8	8	4
Time to export (days)	21	33	11
Cost to export (USD per container)	660	1,787	1,070
Documents to import (number)	8	10	4
Time to import (days)	18	34	10
Cost to import (USD per container)	725	1,968	1,090

Pak' State of Compliance (3)

<i>Country</i>	<i>Enabling Business Environment (Rank; score)</i>	<i>Border Administration (Rank; score)</i>	<i>Efficiency of customs administration (rank; score)</i>	<i>Efficiency of import-export procedures (Rank; score)</i>	<i>Transparency of border administration (Rank; score)</i>
Sri Lanka	73; 2.95	73; 3.89	85; 3.76	47; 5.02	92; 2.89
India	100; 3.55	77; 3.82	70; 4.10	79; 4.38	84; 2.99
Bangladesh	109; 3.46	100; 3.33	103; 4.26	86; 4.22	115.2.52
Pakistan	116; 3.39	71; 3.92	66; 4.20	56; 4.86	101; 2.69

Implications for Policy Formulation

- ‘Business as Usual’ not workable – necessity of reform
- TF is dynamic concept – need for sustained and sustainable reform
- Strong role for private sector
- Linkage between TFA commitment and foreign assistance: Impact on aid negotiation

Implications for Policy Formulation (2)

- Challenges of Inter-agency Coordination
- Mindset: Regulator to Facilitator

Thank You