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Cabo Verde

AN OVERVIEW AND STATUS UPDATE OF THE TRADE FACILITATION AGREEMENT (TFA)

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WHAT IS “TRADE FACILITATION?”

- The primary goal of trade facilitation is to make trade across borders (imports and exports) faster and less expensive, while still ensuring safety and security
- Trade facilitation is about simplifying and harmonizing procedures and minimizing unnecessary formalities
- Trade facilitation has become a key factor in international policy discussions because of its ability to stimulate economic activity and, thus, economic development in poor countries

WHY FOCUS ON TRADE FACILITATION?

- Governments have realized that their export economies heavily depend on efficient import processing, thus necessitating a holistic approach for more efficient management of all trade activities
- Lack of transparency about rules and regulations, redundant and lengthy clearance processes, and multiple document requirements have increased the time and costs of doing trade – these obstacles are now viewed as more of a trade barrier than tariffs and quotas
- Trade facilitation particularly helps developing countries, where it typically takes THREE TIMES as many days to export products than in developed countries; exports from developing countries require nearly TWICE as many documents and SIX TIMES as many signatures

IS TRADE FACILITATION NEEDED?

- The United Nations Conference on Trade and Development estimates that the average customs transaction involves 20-30 different parties, 40 documents, and 200 data elements (30 of which are repeated multiple times)
- “Red tape” is the reason that many small enterprises are not active international players
- Administrative barriers for companies that do not regularly ship large quantities of products are often too complicated to make exporting worthwhile
- For developing countries, inefficiencies in customs and transport are severe impediments to integration into the global economy and deter foreign investment

WHAT ARE THE CORE PRINCIPLES OF TRADE FACILITATION?

- **Transparency** within government promotes openness and accountability; this involves disclosure of information so that the public can easily access and use it
- **Simplification** is the process of eliminating all unnecessary elements and duplications in trade processes
- **Harmonization** is the alignment of national procedures and documents with international conventions and practices, so that trade is predictable and simple around the world
- **Standardization** is developing specific formats and documents for all procedures

HOW DOES TRADE FACILITATION OCCUR?

- Trade facilitation must happen at three levels: national, regional, and international
 - The most difficult part is at the national level: finding ways to implement specific changes, which requires -
 - Legal reforms
 - Organizational reforms (customs and other agencies)
 - Technological reforms
- ** When implementing national changes for trade facilitation, it is imperative to involve the private sector (business) community from the very start

WHAT IS THE TFA?

- The TFA is a multilateral agreement negotiated through the World Trade Organization (WTO). It was agreed upon at the WTO Ministerial Conference in Bali, Indonesia, in December 2013.
- The TFA promulgates procedures and requirements that WTO members are supposed to adopt.
- No previous WTO agreement provides rules on trade facilitation. Thus, the TFA was a significant achievement in the international trading system.

IMPLEMENTATION OF THE TFA

- The TFA will “enter into force” when it has been ratified by 2/3 of the WTO membership. Thereafter, the TFA will apply to additional WTO members as soon as they (individually) ratify it.
- As of November 10, the following countries have ratified the TFA:
 - Hong Kong, Singapore, USA, **Mauritius**, Malaysia, Japan, Australia, **Botswana**, Trinidad & Tobago, Korea, Nicaragua, **Niger**, Taiwan, Belize, Switzerland, China, Liechtenstein, Laos, New Zealand, **Togo**, Thailand, European Union, Macedonia, Pakistan

IMPLEMENTATION OF THE TFA

- The TFA includes special and differential treatment (SDT) measures that link implementation requirements with the capacity of developing countries to implement such provisions
- The SDT provisions allow developing countries to determine when they will implement each of the individual requirements
- To take advantage of SDT flexibilities, a developing country must place each provision of the Agreement into one of three categories:
 - Category A: provisions that the country will implement by the time the Agreement enters into force
 - Category B: provisions that the country will implement after a transitional period after the Agreement has entered into force
 - Category C: provisions that the country will implement after the Agreement has entered into force AND the country has received technical assistance

IMPLEMENTATION OF THE TFA

- The following developing countries have already designated their Category A provisions, thus confirming their intent to implement at least certain portions of the TFA immediately after the Agreement enters into force (*this is a non-exhaustive list, there are additional developing countries that have made Category A designations*)
 - Antigua and Barbuda
 - Barbados
 - Belize
 - Botswana
 - Burundi
 - Dominican Republic
 - Gabon
 - Kenya
 - Mauritius
 - Nigeria
 - Rwanda
 - Senegal
 - Tanzania
 - Uganda

ADDITIONAL FLEXIBILITIES FOR DEVELOPING COUNTRIES

- The TFA provides more flexibilities for developing countries, such as:
 - Early warning mechanism: a country can request an extension from the WTO Trade Facilitation Committee if it has difficulty implementing a provision under Category B or C; the extension is automatic if the additional time requested is less than 18 months
 - Shifting between Categories: a country may shift provisions between Categories B and C
 - Grace period: after entry into force of the TFA, developing countries will not be subject to the WTO's Dispute Settlement proceedings for a period of two years, for Category A provisions

TECHNICAL SUPPORT FOR DEVELOPING COUNTRIES

- The World Bank and WTO offer technical support for developing countries for implementation of the TFA
- Experts will visit a country and assist with necessary modifications to regulatory programs, laws, general practices, and more (assistance can also be provided via e-mail correspondence, meetings in Geneva, etc.)
- Requests for assistance can be made to the World Bank's Trade Facilitation Support Program, the WTO, or through funding partners such as the European Commission, U.S. Agency for International Development, Australian government, Canadian government, etc.

CONTACT INFORMATION

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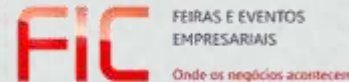
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