Trade Facilitation and Development

Jan.Hoffmann@UNCTAD.org
Geneva, October 2015
Trade Facilitation and Development

- Seven global trends and the WTO TFA
- TF and Development
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7 reasons why the measures in the WTO TFA are more important for trade today than before
1. Trade in manufactured goods

Developing countries’ % share of global seaborne trade - tonnes.
Source: UNCTAD, Review of Maritime Transport, DRAFT, 2015, FORTHCOMING
1. Trade in manufactured goods

Old Scenario: Developing countries exported large volumes of raw materials and imported high value (low volume) manufactured goods.

Developing countries’ % share of global seaborne trade - tonnes.
Source: UNCTAD, Review of Maritime Transport, DRAFT, 2015, FORTHCOMING
1. Trade in manufactured goods

Today’s Scenario:
Developing countries participate in globalized production. They also import raw materials and also export manufactured goods.

Developing countries’% share of global seaborne trade - tonnes.
Source: UNCTAD, Review of Maritime Transport, DRAFT, 2015, FORTHCOMING
ARTICLE 3: ADVANCE RULINGS

1. Each Member shall issue an advance ruling in a reasonable, time bound manner to an applicant that has submitted a written request containing all necessary information. If a Member declines to issue an advance ruling it shall promptly notify the applicant in writing, setting out the relevant facts and the basis for its decision.

2. A Member may decline to issue an advance ruling to an applicant where the question raised in the application:
   a. is already pending in the applicant’s case before any governmental agency, appellate tribunal or court;
   b. has already been decided by any appellate tribunal or court.

3. The advance ruling shall be valid for a reasonable period of time after its issuance unless the law, facts or circumstances supporting the original advance ruling have changed.

4. Where the Member rescinds, modifies or invalidates the advance ruling, it shall provide written notice to the applicant setting out the relevant facts and the basis for its decision. Where a Member rescinds, modifies or invalidates advance rulings with retroactive effect, it may only do so where the ruling was based on incomplete, incorrect, false or misleading information.

5. An advance ruling issued by a Member shall be binding on that Member in respect of the applicant that sought it. The Member may provide that the advance ruling be binding on the applicant.

6. Each Member shall publish, at a minimum:
   a. the requirements for the application for an advance ruling, including the information to be provided and the format;
   b. the time period by which it will issue an advance ruling; and
   c. the length of time for which the advance ruling is valid.

7. Each Member shall provide, upon written request of an applicant, a review of the advance ruling or the decision to revoke, modify or invalidate the advance ruling.2

8. Each Member shall endeavour to make publicly available any information on advance rulings which it considers to be of significant interest to other interested parties, taking into account the need to protect commercially confidential information.

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2 Except this paragraph; a review may, before or after the ruling has been acted upon, be provided by the official, judicial authority that issued the ruling, a higher or independent administrative authority, or a judicial authority, and the Member is not required to provide the applicant with recourse to Article 4.1.1 of this Agreement.
2. Globalized production

- Intra-company trade
- Trade in intermediate products
- **Logistics part of production process**
World trade by stage of processing

Source: UNCTAD, Key Trends in International Merchandise Trade, 2013
7.1. Each Member shall provide additional trade facilitation measures related to import, export or transit formalities and procedures, pursuant to paragraph 7.3, to operators who meet specified criteria, hereinafter called authorized operators. Alternatively, a Member may offer such facilitation measures through customs procedures generally available to all operators and not be required to establish a separate scheme.

7.2. The specific criteria shall be related to compliance, or the risk of non-compliance, with requirements specified in a Member’s laws, regulations or procedures. The specified criteria, which shall be published, may include:

a. an appropriate record of compliance with customs and other related laws and regulations;

b. a system of managing records to allow for necessary internal controls;

c. financial security, including, where appropriate, provision of a sufficient security guarantee; and

d. supply chain security.
3. Protection
4 Risk Management

4.1. Each Member shall, to the extent possible, adopt or maintain a risk management system for customs control.

4.2. Each Member shall design and apply risk management in a manner as to avoid arbitrary or unjustifiable discrimination, or disguised restrictions to international trade.

4.3. Each Member shall concentrate customs control and, to the extent possible other relevant border controls, on high risk consignments and expedite the release of low risk consignments. Each Member may also select, on a random basis, consignments for such controls as part of its risk management.

4.4. Each Member shall base risk management on assessment of risk through appropriate selectivity criteria. Such selectivity criteria may include, *inter alia*, HS code, nature and description of the goods, country of origin, country from which the goods were shipped, value of the goods, compliance record of traders, and type of means of transport.
4. New Geography of Trade

Growing South-South Trade
5. Changing logistics expenditures

Inventory holding expenditures decrease, and Transport expenditures increase.
ARTICLE 7: RELEASE AND CLEARANCE OF GOODS

3 Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges

3.1. Each Member shall adopt or maintain procedures allowing the release of goods prior to the final determination of customs duties, taxes, fees and charges, if such a determination is not done prior to, or upon arrival, or as rapidly as possible after arrival and provided that all other regulatory requirements have been met.

3.2. As a condition for such release, a Member may require:
   a. payment of customs duties, taxes, fees and charges determined prior to or upon arrival of goods and a guarantee for any amount not yet determined in the form of a surety, a deposit or another appropriate instrument provided for in its laws and regulations; or
   b. a guarantee in the form of a surety, a deposit or other appropriate instrument provided for in its laws and regulations.

3.3. Such guarantee shall not be greater than the amount the Member requires to ensure payment of customs duties, taxes, fees and charges ultimately due for the goods covered by the guarantee.

4. In cases where an offence requiring imposition of monetary penalties or fines has been detected, a guarantee may be required for the penalties and fines that may be imposed.

5. The guarantee as set out in paragraphs 3.2 and 3.4 shall be discharged when it is no longer required.

6. Nothing in these provisions shall affect the right of a Member to examine, detain, seize or confiscate or deal with the goods in any manner not otherwise inconsistent with the Member’s rights and obligations.
6. Regional integration

- Increased regional and transit trade
Freedom of transit.

“Transit” also included in several other TFA Articles
7. Technologies

- Use of computers and Internet
- Containerization, shipping networks
Containerization

Free exchange

The humble hero

Containers have been more important for globalisation than freer trade
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What do traders want?
What do traders want?
What do traders want?

- **Simple** and smooth processing of formalities
- Means to allow goods to proceed **promptly** to their final destination. No longer itineraries, no unpacking, no delays
- A **single** control point for all public services
- **Standard** forms, assembled into a ‘single bunch of documents’, compatible with trade documents and transport contracts
- **Predictable** and transparent rules and procedures
Data exchange in International Trade

- 20 actors;
- > 200 data elements;
- Manual procedures;
- Multiple data systems;
- > 30 documents or messages.
Crossing the Border

- **GOODS**
  - Products conformity, standards & regulations

- **SERVICES**
  - Commercial regulations and practices

- **OPERATIONS**
  - Traffic regulations and operational practices

- **VEHICLES**
  - Vehicle standards and regulations

- **INFRASTRUCTURE**
  - Design, construction, maintenance and inter-operability

**Country Origin**

**Country Destination**

**UNUNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT**
TF measures and logistics performance

Source: UNCTAD
Transport and Trade Facilitation Newsletter #1/2015
Beyond *trade* policies...

Trade and Transport Facilitation is good for development

TTF reforms help to ...

- formalize trade,
- save time and frustrations,
- improve governance,
- empower women entrepreneurs,
- strengthen regional integration,
- modernize public administrations,
- foster IT capacities, and
- increase revenue collection.
Beyond trade policies...

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Implementation and “Human Development Index”

Number of Trade Facilitation Measures notified as Category A

\[ y = 59.126x - 19.785 \]

\[ R^2 = 0.3748 \]
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