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Trade Facilitation Introduction

Poul HANSEN, UNCTAD

UNCTAD P166 short course
Trade Facilitation and Non-Tariff Measures
Geneva, 15 September 2022


Setting the scene

Trade challenges




Supply Chain disruptions

HOW COUNTRIES CAN LEVERAGE TRADE FACILITATION TO DEFEAT THE COVID-19 PANDEMIC



UNCTAD
4/22/2020



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

MARITIME TRADE DISRUPTED

THE WAR IN UKRAINE AND ITS EFFECTS ON MARITIME TRADE LOGISTICS

28 June 2022



UNITED NATIONS UNCTAD

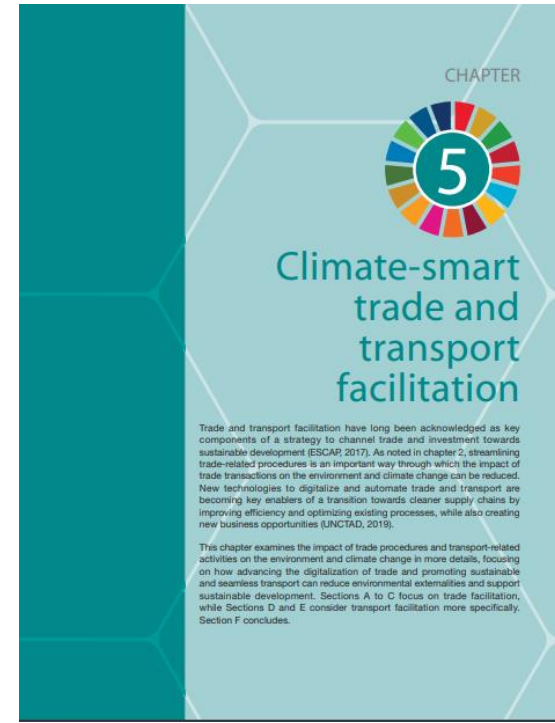
CHAPTER

5

Climate-smart trade and transport facilitation

Trade and transport facilitation have long been acknowledged as key components of a strategy to channel trade and investment towards sustainable development (ESCAP, 2017). As noted in chapter 2, streamlining trade-related procedures is an important way through which the impact of trade transactions on the environment and climate change can be reduced. New technologies to digitalize and automate trade and transport are becoming key enablers of a transition towards cleaner supply chains by improving efficiency and optimizing existing processes, while also creating new business opportunities (UNCTAD, 2019).

This chapter examines the impact of trade procedures and transport-related activities on the environment and climate change in more details, focusing on how advancing the digitalization of trade and promoting sustainable and seamless transport can reduce environmental externalities and support sustainable development. Sections A to C focus on trade facilitation, while Sections D and E consider transport facilitation more specifically. Section F concludes.



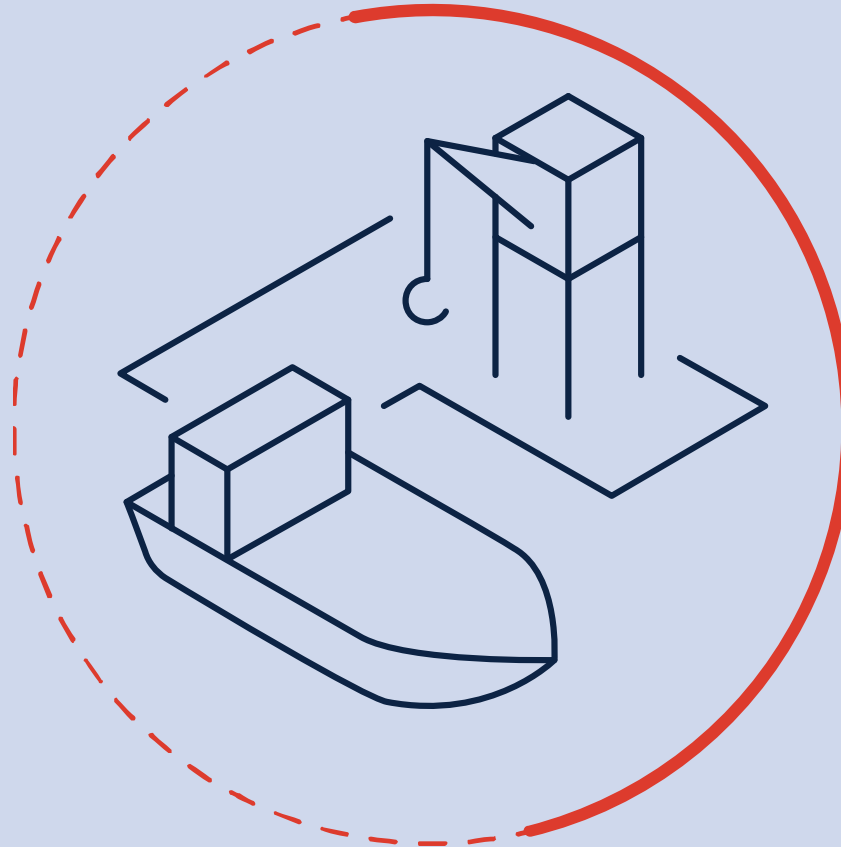
WORLD CONTAINER PORT TRAFFIC IN 2020

Down by

-1.2%

Volumes estimated at

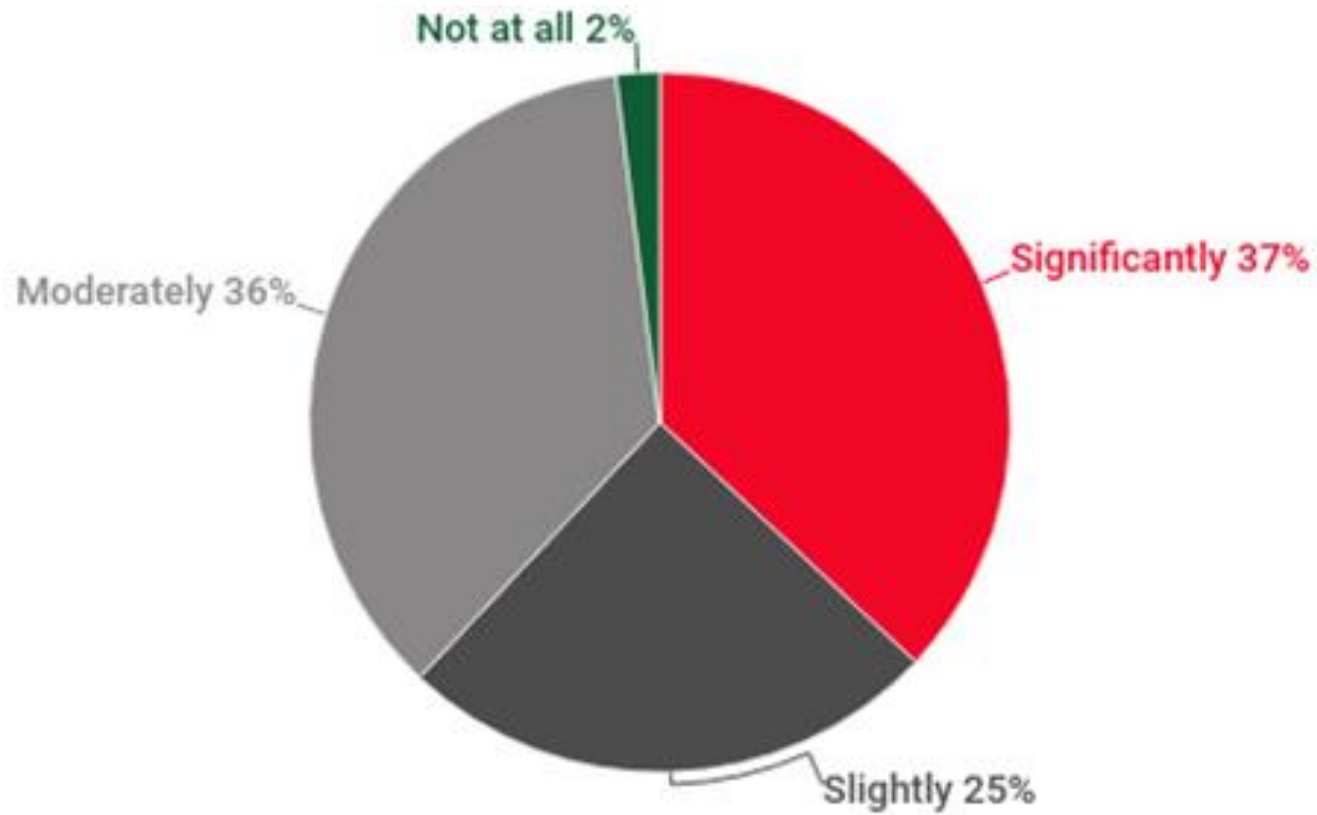
815.6 million TEUs



Since 2020, ports resilience and adaptive capacity have been tested:

- Financial performance
- Congestion
- Equipment shortages
- Supply chain disruption

How will the present crisis impact your supply chain strategy over the medium term?



Trade Facilitation challenges



Global Supply Chain Pressure Index (GSCPI)



OVERVIEW **GSCPI** FAQs

DOWNLOADS

Estimates for June 2022

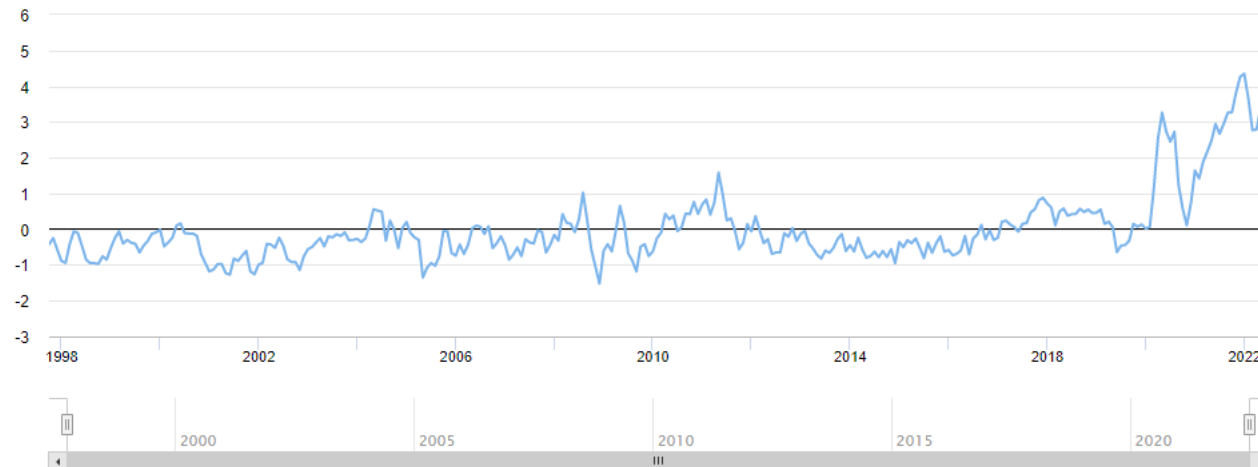
- Global supply chain pressures declined in June, continuing the decrease we observed for May.
- The June decline was mostly due to a large decrease in Chinese supply delivery times.
- The moves in the GSCPI over the past three months suggest that although global supply chain pressures have been decreasing, they remain at historically high levels.

Latest Update June 2022

Enter a date range to see monthly estimates or use the slider below to view a specific date range.

Standard deviations from average value

From Sep 29, 1997 To Jun 29, 2022





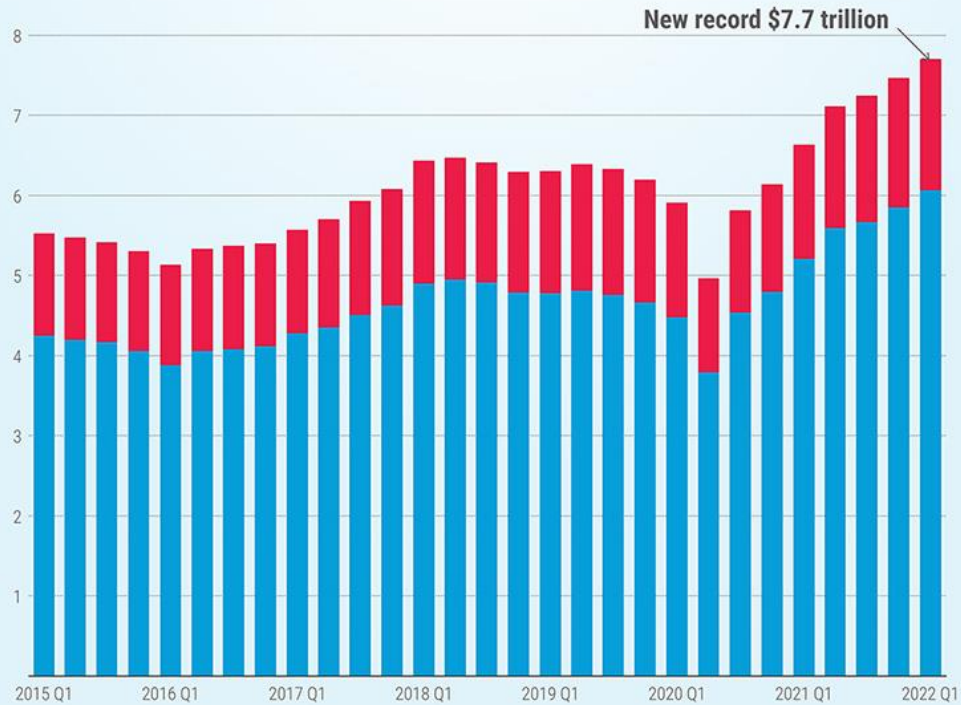
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But ... Trade re-bound



Global trade hits a record in first quarter of 2022

Quarterly world trade in **GOODS** and **SERVICES**, in US\$ trillion



Note: Figures for Q1 2022 are preliminary.

Source: UNCTAD calculations based on national statistics



What is Trade Facilitation?

Concept of Trade Facilitation

A border is where the **status** of the goods, vehicles, or persons transporting them is assessed **against national rules and regulations**

Governments, industry, consumers, and special interest groups might call for **enforcement of restrictions on goods for export and import**, as well as on their trade-related services

Trade facilitation makes sure that the procedures based on regulatory measures are implemented **efficiently**, and that the protection of these interests does not become a burden on the global trading system



Definition trade facilitation?

Trade facilitation is

“the simplification and harmonization of international trade procedures”

where trade procedures are the

“activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade”

Source: World Trade Organization, 1998

International trade transaction process



Commercial procedures

- Establish contract
- Order goods
- Advise on delivery
- Request payment



Transport procedures

- Establish transport contract
- Collect, transport and deliver goods
- Provide waybills, goods receipts status reports



Regulatory procedures

- Obtain licenses, etc.
- Provide customs and cargo declarations
- Apply trade security procedures
- Clear goods for export, import & transit

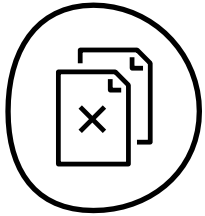


Financial procedures

- Provide credit rating
- Provide insurance
- Provide credit
- Execute payment
- Issue statements

Source: The UN/CEFACT Buy Ship Pay Model (Source UN/CEFACT International Supply Chain Reference Model)

Obstacles to trade transactions



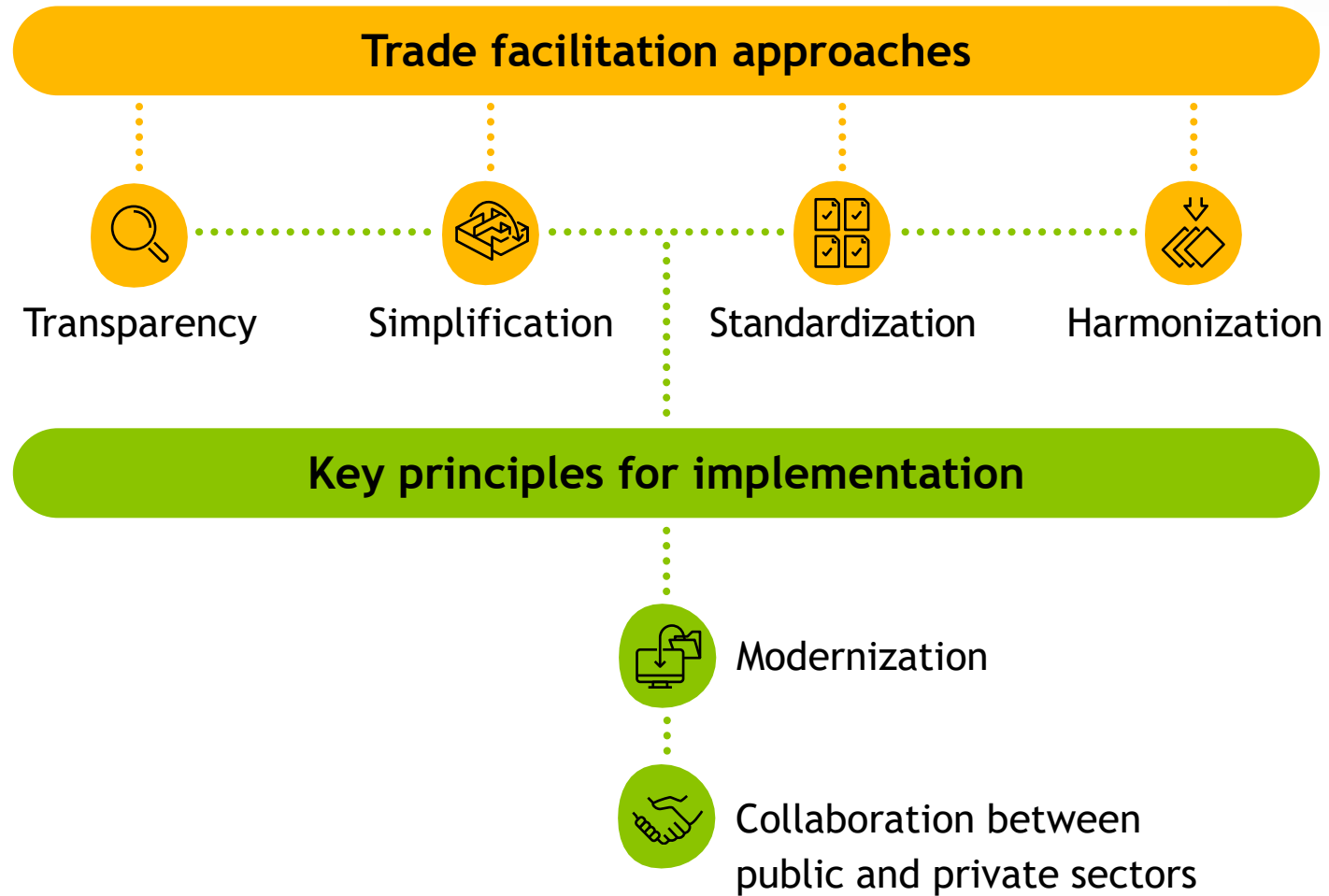
Regulatory and policy issues

Examples:

- Complex bureaucratic procedures
- Vague regulations open to the arbitrary interpretation of border personnel
- Requesting unnecessary and sometimes duplicated documentation from traders
- Lack of automated and paperless procedures



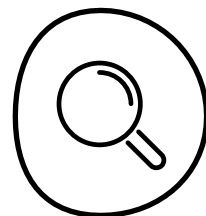
Trade facilitation solutions



(The four main approaches of trade facilitation were defined originally by the Swedish National Board of Trade)

Trade facilitation solutions

Transparency

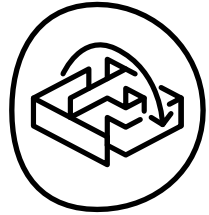


Transparency

Transparency promotes **openness and accountability** of a government's actions by disclosing information in a way that the public can readily access and use it

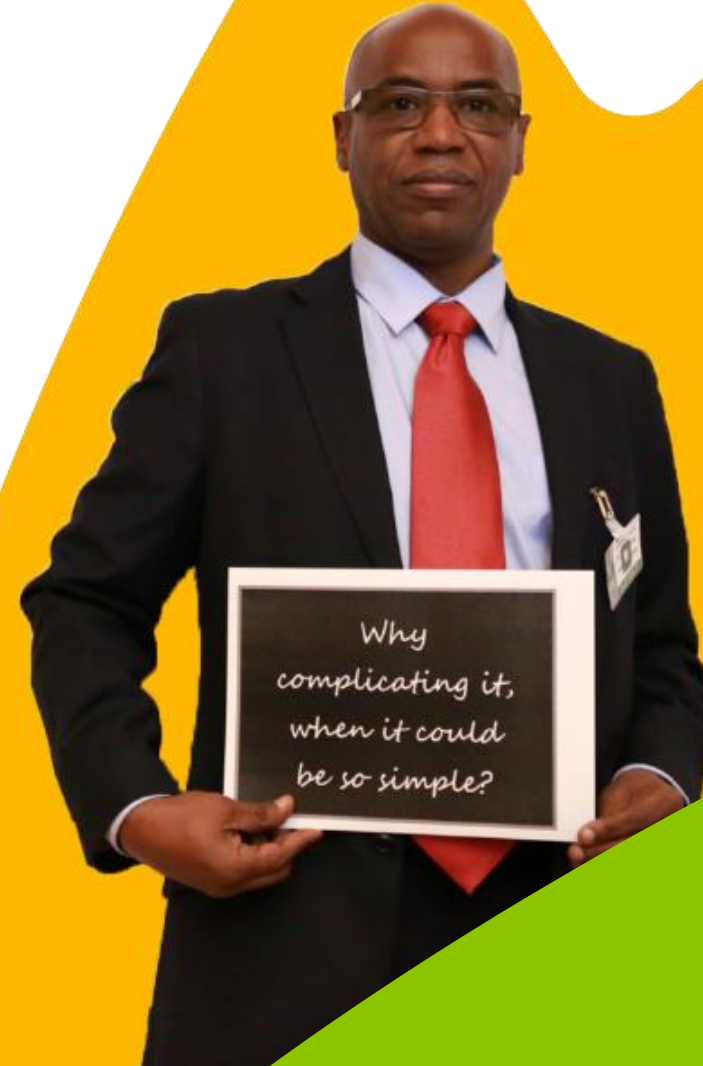
Trade facilitation solutions

Simplification



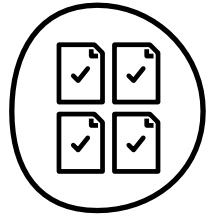
Simplification

Simplification is the process of **eliminating all unnecessary elements** and duplications in trade formalities, processes and procedures



Trade facilitation solutions

Standardization

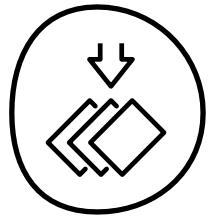


Standardization

Standardization is the process of **developing internationally agreed formats** for practices and procedures, documents and information

Standard setting bodies





Harmonization

Harmonization is the **alignment of national procedures, operations and documents with international conventions, standards and practices**





Trade facilitation solutions

Modernization



Modernization

Modernization is the **application of new techniques**, including Information and Communication Technology, in the administrative practices and procedures of all border agencies

Source: UNECE Trade Facilitation Implementation Guide

Trade facilitation solutions

Collaboration between public and private sectors



Collaboration between public and private sectors

Establishing a **public-private dialogue** provides stakeholders with a platform to voice their points of view, seek clarification and **build trust and consensus**

This helps to provide **transparency and accountability**, leading to effective trade facilitation reforms suggested and implemented



WTO Trade Facilitation Agreement and Regional Trade Facilitation Agreements



WTO TFA Entry into Force February 22, 2017



Rwanda, Chad, DG Azevêdo , Jordan, Oman



Preparatory Committee on Trade Facilitation

AGREEMENT ON TRADE FACILITATION*

Preamble

Members,

Having regard to the negotiations launched under the Doha Ministerial Declaration;

Recalling and reaffirming the mandate and principles contained in paragraph 27 of the Doha Ministerial Declaration (WT/MIN(01)/DEC/1) and in Annex D of the Decision of the Doha Work Programme adopted by the General Council on 1 August 2004 (WT/L/579), as well as in paragraph 33 of and Annex E to the Hong Kong Ministerial Declaration (WT/MIN(05)/DEC);

Desiring to clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 with a view to further expediting the movement, release and clearance of goods, including goods in transit;

Recognizing the particular needs of developing and especially least-developed country Members and desiring to enhance assistance and support for capacity building in this area;

Recognizing the need for effective cooperation among Members on trade facilitation and customs compliance issues;

Hereby *agree* as follows:

Click to edit Master title style

Preamble

Section I - Substantive Provisions to be categorized

TFA Articles	Scope	GATT articles
Articles 1 to 5	Transparency	Article X
Articles 6 to 10	Fees and Formalities	Article VIII
Article 11	Transit	Article V
Article 12	Other issues	na

Section II - Special and Differential Treatment

Section III – Institutional arrangements and final provisions

Section I: TFA articles 1 to 12

Transparency Articles (1-5)

- 1 - Publication and availability of information
- 2 - Prior publication and consultation
- 3 - Advance Rulings
- 4 - Appeal or Review Procedures
- 5 - Other measures to enhance impartiality, non-discrimination and transparency

Fees & Formalities (6-10)

- 6 - Disciplines on fees and charges imposed on or in connection with importation and exportation
- 7 - Release and clearance of goods
- 8 - Border agency co-operation
- 9 – Movement of goods under customs control intended for export
- 10 - Formalities connected with importation and exportation and transit

Transit and Customs cooperation (11 and 12)

- 11 – Freedom of transit
- 12 – Cooperation between Customs authorities



Section II Special and Differential Treatment

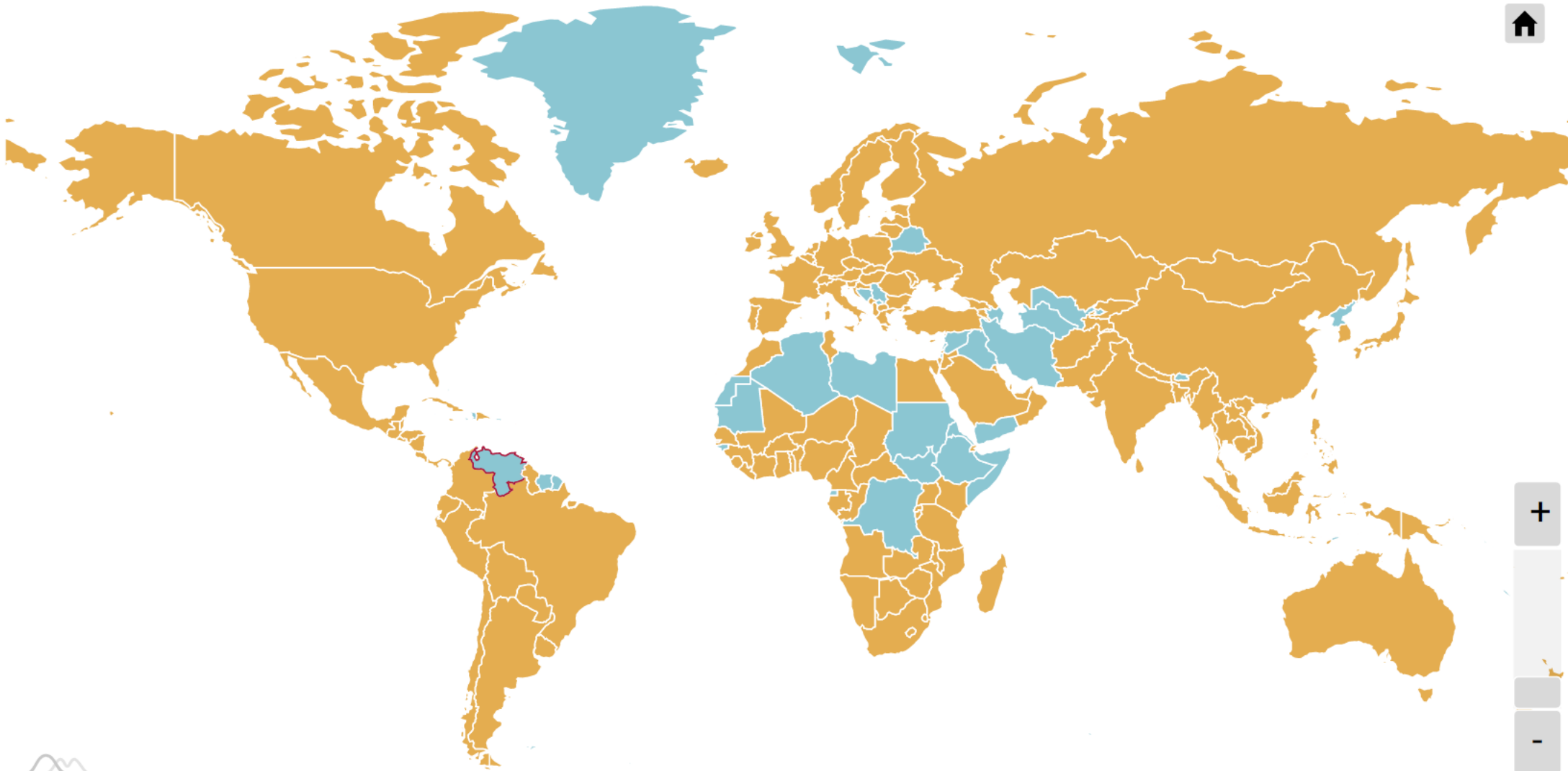
- **Special implementation conditions for developing and least developed countries**



Section III: Institutional Arrangements & final provision

- Article 23.1: Trade Facilitation Committee
- **Article 23.2: National TF Committee**

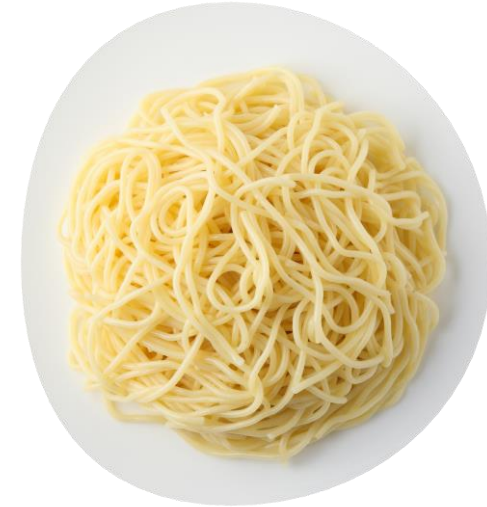
■ 154 ratifications received - the TFA has entered into force!



Trade facilitation matters more than ever

Regional integration

The “spaghetti bowl”: Multiple overlapping Economic Integration Agreements, June 2005



Overlapping Trade Agreements can lead to a “spaghetti bowl” effect, creating uncoordinated requirements



Source: UNCTAD, based on World Bank, 2005

UNCTAD Trade Facilitation overview?

UNCTAD Trade facilitation



Mandate: Bridgetown Covenant on Trade Facilitation

- Continue and reinforce its work through its three pillars to support implementation of trade facilitation reforms, including the Agreement on Trade Facilitation of the World Trade Organization, and enhance its support to the development and the implementation of appropriate legal frameworks that reduce trade transaction costs.

 Think 

 Debate 

 Deliver 

Benefits of Trade Facilitation

Overall objective:

Reduce time and cost for cross-border trade



Increase revenue and improve compliance



FULFILLING THE SUSTAINABLE DEVELOPMENT GOALS



UNCTAD PROPOSED actions to support international trade and logistics during crisis

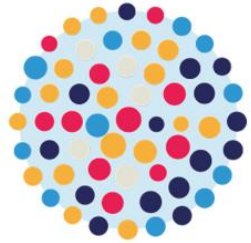
1. Ensure uninterrupted shipping
2. Maintain ports open
3. Protect international trade of critical goods and speed up customs clearance and trade facilitation
4. Facilitate cross-border transport
5. Ensure the right of transit
6. Safeguard transparency and up-to-date information
7. Go paperless
8. Address legal implications for commercial parties
9. Protect shippers and transport service providers alike
10. Ensure coordination



Debate: UNCTAD meetings



Transport and trade connectivity in the age of pandemics -



NTFC
GLOBAL
FORUM
2022

01 - 04 Feb 2022
Global forum 2022 for national trade facilitation committees



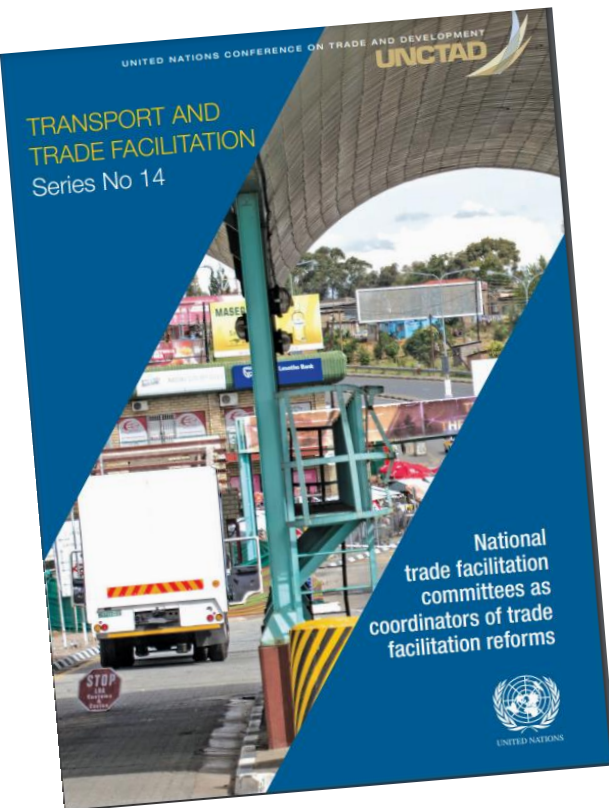
20 - 24 June 2022
10:00-16:30 (CET)
Online
[Add to Calendar](#)





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Think : UNCTAD Publications



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

POLICY BRIEF
No. 98

MARCH 2022

KEY POINTS

- Women face gender-based barriers at borders that should be addressed through gender responsive trade facilitation measures
- UNCTAD recommends implementing the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) with a gender perspective to maximize benefits for women involved in formal and informal trade
- UNCTAD recommends that national trade facilitation committees (NTFCs) become gender-sensitive bodies that advocate for gender mainstreaming in trade facilitation reforms, and propose measures for women traders

Integrating a gender perspective into trade facilitation reforms*

Women cross-border traders face significant challenges, including time constraints, costs of burdensome procedures, discrimination and harassment at borders.¹ Despite multilateral calls to address those issues and to make trade policies gender responsive, notably the Revised Buenos Aires Declaration,² limited progress has been made on gender equality in trade.

This policy brief outlines key gender-based barriers for women traders and provides 10+1 policy recommendations to address them.

1. Listen to what women traders have to say

The first step is to listen to what women traders have to say. Some may not be aware of the activities or existence of the national committee. Even when they know about NTFCs, they may feel that their committee is not aware of the challenges they face or that such challenges are simply ignored. NTFCs should undertake awareness-raising efforts to reach out to women traders by informing them about NTFC activities and consult them about their needs and the obstacles they face.

Women traders' associations should be invited to take part in the trade facilitation policymaking process, as full NTFC members, or as

* This document has not been formally edited.
¹ UNCTAD, 2020, Gender perspective on trade facilitation reforms, available at <https://www.unctad.org/fr/traidoc>.
² 2016 WTO Ministerial Conference, 2017, Joint ministerial declaration on the advancement of gender equality and women's economic empowerment within trade, WT/MIN17/14/Rev.1 available at



Getting Down to Business: Making the Most of the WTO Trade Facilitation Agreement

CHAPTER 1 INFORMATION AVAILABILITY

Publication: Article 1.1

Transparency is one of the core pillars of the international trade system. Lack of transparency or restricted access to regulatory business and governments to collect information and mitigate unpredictable rules.

Article 1.1 promotes equal and unfettered access to relevant information by requiring WTO Members to make available in regulatory requirements related to the import, export or transit of goods.

Members shall promptly publish a set of trade-related information in a non-discriminatory and easily accessible manner.

The measure

ARTICLE 1 PUBLICATION AND AVAILABILITY OF INFORMATION

1 Publication

1.1 Each Member shall promptly publish the following information in a non-discriminatory and easily accessible manner in order to enable governments, traders, and other interested parties to become acquainted with them:

- (a) procedures for importation, exportation, and transit (including port, airport, and other entry-point procedures), and required forms and documents;
- (b) applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation;
- (c) fees and charges imposed by or for government agencies on or in connection with importation, exportation or transit;
- (d) rules for the classification or valuation of products for customs purposes;
- (e) laws, regulations, and administrative rulings of general application relating to rules of origin, import, export or transit restrictions or prohibitions;
- (f) penalty provisions for breaches of import, export, or transit formalities;
- (g) procedures for appeal or review;
- (h) agreements or parts thereof with any country or countries relating to importation, exportation, or transit; and
- (i) procedures relating to the administration of tariff quotas.

1.2 Nothing in these provisions shall be construed as requiring the publication or provision of information other than in the language of the Member except as stated in paragraph 2.2.

CHAPTER 5

Climate-smart trade and transport facilitation

Trade and transport facilitation have long been acknowledged as key components of a strategy to channel trade and investment towards sustainable development (ESCAP 2017). As noted in chapter 2, streamlining trade-related procedures is an important way through which the impact of new technologies on the environment and climate change can be reduced. New technologies to digitalize and automate trade and transport are becoming key enablers of a transition towards cleaner supply chains by improving efficiency and optimizing existing processes, while also creating new business opportunities (UNCTAD, 2019).

This chapter examines the impact of trade procedures and transport-related activities on the environment and climate change in more details, focusing on how advancing the digitalization of trade and promoting sustainable and seamless transport can reduce environmental externalities and support sustainable development. Sections A to C focus on trade facilitation, while Sections D and E consider transport facilitation more specifically. Section F concludes.

Deliver: Our Products



- Wide-range of technical assistance products and methodologies
- Specific tools depending on needs and individual situation assisting developing countries meet obligations
- Focus on WTO TFA obligations and TF reforms such as transparency; simplifying, standardizing and harmonizing procedures; digitalization and monitoring progress







THANK YOU!



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