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## Trade Facilitation

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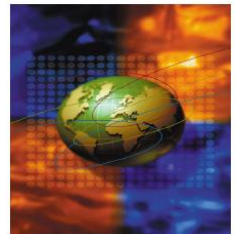
Africa Regional Workshop on WTO Negotiations

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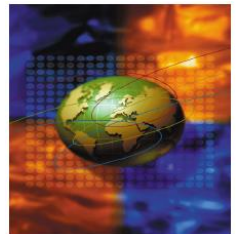
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- Trade facilitation, one of the four Singapore issues introduced into the WTO work programme at the first WTO Ministerial conference held in Singapore in December 1996;
- The demandeurs of these subjects were mainly the EU, but supported by Japan, Korea e.t.c;
- At Singapore, the WTO Ministers instructed an already existing WTO body, the Council for Trade in Goods to undertake exploratory and analytical work “on the simplification of trade procedures in order to assess the scope for WTO rules in this area”;



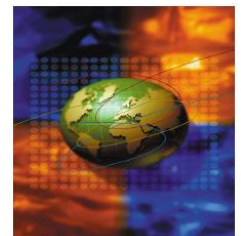
- All four subsequent Ministerial meetings in Geneva, Seattle, Doha and Cancun were characterized by deep divisions on the four Singapore Issues;
- It was only in Cancun that the main demandeur, the EU started floating the idea of separating the issues;
- No Agreement reached in Cancun – Conference collapsed;
- In the the post-Cancun consultations, the EU introduced the concept of plurilateral agreements, and that again did not break the ice;



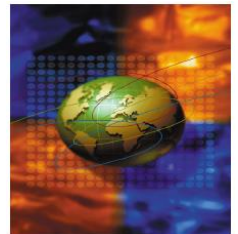
# Snapshot

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- In the post-Cancun consultations, all efforts of WTO Members were geared towards bringing back on track, the Doha work programme;
  - The views of WTO Members started to converge on the issue of trade facilitation;
  - Africa's contribution to the converging consensus in the period leading up to the July Frameworks is in para. 7 of the Kigali Consensus quoted below;
- “ ..... We note the increasing convergence of views, amongst the WTO Membership, regarding the development of a more precise and focused work programme on the issue of trade facilitation .....,



- However, the Ministers did not give the negotiators “a carte blanche”. They set out conditions before agreeing to the inclusion of the T.F. issue in the July package;
- These were:- the need to address the resource and capacity constraints of developing countries, the costs of implementing new rules and who will meet those costs, the applicability of the DSM and whether the rules will be binding or not.



- The negotiating group has held 7 meetings thus far and a number of proposals (over 50) from different countries have been presented;
- The proposals covered, measured that can be introduced by countries to facilitate the flow of legitimate trade. The vast majority of proposals are from developed countries with a few collaborations between developing and developed countries like the Uganda-US proposal on abolition of consular fees;
- The substantive discussions commenced in the February session with discussions on the submissions by various Members and presentations by the Secretariats of the WTO, WCO, UNCTAD, World Bank and the OECD;



- Almost all proposals have acknowledged that capacity building and special and differential treatment will have to be crucial elements of any agreement;
- All, except one, of the proposals focused on the first and second aims as indicated above. The recent paper submitted jointly by India and the United States introduced the issue of cooperation between customs administrations. The significance of this proposal is that it is not only co-sponsored by a developed country but it is the first to deal with customs to customs cooperation on a multilateral scale because most of the previous proposals dealt with cooperation of border agencies within the same country or with agencies in their immediate neighbouring country;





- Africa Group of countries presenting two papers dealing mainly with cross cutting issues such as capacity building and needs analysis. African countries, namely Rwanda and Uganda, have co-sponsored papers with developed countries on measures to improve and facilitate trade. The proposals dealt with improvement of procedures for transit goods and abolition of Consularisation fees respectively;
- Generally proposals have been classified into two categories i.e. Proposals for clarification and improvement of articles V, VIII and X of GATT on the one hand and cross cutting issues on the other.



- Art. V is on freedom of transit ( through the most convenient route) for goods from another WTO Member State and that this should happen on a non-discriminatory basis;
- Obligation to prevent “unnecessary delays and restrictions”;
- It also states that charges imposed on goods in transit must be “reasonable”.

- Art. VIII is on fees and formalities connected with importation and exportation and states that they must be about equal to the services rendered;
- It is to ensure that they do not constitute a form of indirect protection or taxation for fiscal purposes;
- It recognizes the need for reducing the number and diversity of fees and charges, the “complexity” and incidence of formalities and for decreasing and simplifying documentation requirements.

# Salient Features of Article X

- Art. X calls for transparency in trade regulations through, inter alia, their publication;
- It is about fair administration of these regulations; and
- Right to appeal.

## ***Capacity Building***

- This topic has gained prominence in the negotiation group largely because of the mandate as indicated in the July package and also the insistence of developing countries on this issue;
- Proposals submitted on capacity building are not specific enough;
- The discussions focussed on :
  - The need for a broader definition;
  - The need for a co-ordinated effort between donor countries and organisation;
  - The establishment of an “informal” body that will be responsible for the coordination of capacity building;
  - Countries to conduct their needs analysis;
  - The WTO secretariat is developing a questionnaire that will be used to assess the capacity gaps of countries that will require capacity building.

## ***Special and Differential treatment***

- Generally the understanding on S&D treatment is that countries, especially developing and least developing countries will have to be given longer periods to implement any commitments that will be emanating from the agreement on trade facilitation ;
- This is clear if one reviews the different proposals;
- There is however other views expressed outside the negotiating room, like in the Boksburg Group, that longer implementation time has not been effective in the past and it will be more effective if implementation can be linked to the provision of capacity building and not the number of years needed to implement.

## ***Co-operation between Customs administrations***

- One paper submitted, presented jointly by India and the United States. The paper calls for an introduction of a framework for exchange of information between customs administrations;
- The primary significance is that the proposal was presented by two big countries one developed and one developing. This laid to rest talks that it is only developing countries who are interested in the exchange of information;
- The response of the developed countries was very lukewarm even though the proposals received support from several developing countries. The majority of countries cited issues of confidentiality of information and the extra burden that request for information might put on their administrations as some of the reasons why the group should tread carefully on this issue.

# Role of Customs

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- Customs authorities are tasked to implement trade policy rules contained in international agreements (the WTO Agreement and other regional and bilateral trade agreements) and national laws;
- The growth in international trade and information technology progress has resulted in greater pressures on customs authorities to promote the rapid clearance of goods and to facilitate trade;
- These demands should, however, be counter-balanced against the compliance responsibilities of customs authorities that are also tasked with:
  - Protecting national industries against harmful unfair trade practices;
  - Protecting consumers against unsafe goods;
  - Protecting the environment;
  - Collecting customs duties and taxes; and
  - As highlighted by recent events, working closely with other law enforcement to prevent threats to state security.

**“More efficient Customs are associated with more trade”**

*(Global Economic Prospects, 2005, WB)*



- From a customs administration perspective, the activities of the World Customs Organisation (WCO) are closely aligned with and support trade facilitation;
- The WCO represents the interests of 168 customs administrations and its members are responsible for processing more than 98% of all international trade;
- Its mission is to enhance the efficiency of customs administrations in the areas of compliance with trade regulations (such as those created by the WTO), revenue collections and the protection of society;
- With a view to giving effect to its mandate, the activities of the WCO have largely focused on preparing legal instruments to harmonise and simplify customs systems and procedures (in other words, trade facilitation) and technical assistance co-operation and activities to build the capacities of its member customs administrations;

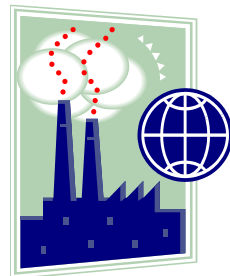
- WCO has adopted or prepared the following international agreements on trade facilitation:
  - The Convention on the Harmonised Commodity Description and Coding System (the HS Convention);
  - The International Convention on the Simplification and Harmonisation of Customs Procedures (the Kyoto Convention) and the revised Kyoto Convention;
  - The International Convention on Mutual Administrative Assistance for the Prevention, Investigation and Suppression of Customs Offences (the Nairobi Convention);
  - Johannesburg Convention; and
  - The Convention on Temporary Admission (the Istanbul Convention).
- The WCO also provides training seminars, workshops and courses as well as technical assistance to its members;
- The WCO like other international organisations have been participating in the negotiations as an observer;

- Instruments produced by WCO in enhancing trade facilitation:
  - The compilation of an information note on GATT article V, VIII, and X;
  - The production of a checklist to assess the implementation of the three articles;
  - Time release study and its recent results;
  - Organising briefings for Brussels based customs and trade attaches;
  - A dedicated web link on the WCO members website on trade facilitation;
  - Customs in the 21<sup>st</sup> Century: New Framework of Standards on Security and Facilitation;
  - WCO Capacity building strategy and diagnostic toolkit.

# Impact on Developing & Least Developing Countries

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- Trade is regarded as a stimulus for economic development;
- Trade facilitation has the potential of improving the participation of developing and least-developed countries in international trade and attracting foreign direct investment;
- Countries that facilitate the movement of imports and exports and that reduce costs and delays will attract investment to establish importing, production and distribution facilities that will increase employment and contribute to economic growth;
- Trade facilitation also makes it easier for small and medium enterprises to participate in international trade.



- SARS has thus far played an active role in the negotiations;
- Our involvement has also included active participation in the African Union meeting on trade facilitation;
- Stance on different issues in the negotiations as follows:
  - To support the discussion around the framework to develop a WTO instrument to facilitate the exchange of information between customs administrations.
  - The use of WCO instruments to avoid the need for reinventing the wheel by developing instruments that have already been developed. The process will mean that WCO instruments will have to be adopted or used as a base to develop final WTO instruments.
  - Need for a coordinated approach in provision of capacity building
  - Encouraging countries to start identify their needs and priorities with the help of international organisations. This should also include cost estimates.
  - Broadening of capacity building definition to provide where necessary for assistance in infrastructure.

- An important milestone on the road to Hong Kong is the “July approximation”;
- Elements of the potential outcome of Hong Kong should be in place;
- Hong Kong- outlines of an agreement that would lead to finalizing the Doha Round in 2006;
- Africa needs to undertake a thorough exercise on the identification of its trade facilitation needs and priorities;
- A mechanism for a continuous assessment of the cost implications of any proposals needs to be in place;

- The customs and transport experts from the REC's and the Member States could provide technical backstopping support to the negotiators;
- Finally, the T.F. negotiations present opportunities as well as challenges. We must ensure that the benefits are maximized while mitigating against associated costs;
- September - November 2005: Intensive work to be done in a number of areas.
- December 2005: Sixth Ministerial Conference, Hong Kong

**Thank you**