



THE WTO TRADE FACILITATION AGREEMENT

WHAT BUSINESS NEEDS TO KNOW

Background

After nearly 10 years of talks, WTO Members concluded negotiations on the WTO Trade Facilitation Agreement (TFA) that aims to boost global trade by expediting the movement, release and clearance of goods across borders.

The TFA entered into force on the 22nd of February 2017, after two-thirds of WTO Members had notified the WTO that they have officially accepted or "ratified" it.

Why is the TFA good for business?

TFA contains some 36 measures that governments must implement that will provide transparency of laws, rules and procedures; fairness in border agency decisions; streamlined clearance procedures; and help reduce administrative constraints on import, export and transit.

They not only benefit trade through reduced administrative burdens, costs, and delays related to border procedures, but can also lead to more effective, efficient and modern government practices.

Where will the biggest gains be seen?

The TFA has a huge potential to reduce overall trade costs. Studies suggest that trade costs in developing countries, which currently have the largest procedural obstacles, will fall by 13% to 15%. This will boost international trade and increase economic activity world-wide.

Developing country exports are expected to grow by an additional 3.5% annually and become more diversified. A better business environment should encourage domestic investment. In addition, foreign direct investment is likely to be attracted to countries that fully implement the TFA, as they will be better integrated into global value chains.

There is growing evidence that the TFA will boost small and medium enterprises that are currently not equipped to navigate complex regulatory environments.

The TFA allows developing countries to implement the provisions at their own pace. To delay implementation, a Member must notify when it will implement each provision. For example, Malawi notified that it will implement expedited shipments in 2 years and risk management and post-clearance audit in 3 years.

How can business help implement the TFA?

All Members must have a national committee to facilitate coordination and implementation of the TFA. National Committees provide an opportunity for businesses to help governments understand their priorities, share their experiences with import/export procedures, develop solutions with them, influence how the TFA's measures are implemented, and ensure they are applied fully and effectively. (Note - some provisions require only best endeavour implementation.)

Businesses can also provide technical assistance and support for capacity building to contribute to the implementation of the measures.

Enforcement of the TFA

The TFA establishes a permanent committee on trade facilitation at the WTO to oversee its implementation. If a Member believes another Member is not implementing the TFA it can raise the issue in the committee to put pressure on the violating Member to comply.

If disagreements cannot be resolved between Members then the issue can be brought to the WTO Dispute Settlement Body (DSB), which acts like a court- its decisions can even be appealed.

If a Member is found to be in violation and they do not comply within a reasonable time, the complaining Member can ask the DSB for permission to retaliate. Retaliation can be in the form of temporary suspension of concessions or other obligations until the violating Member complies.

The TFA provides for a "grace period" meaning that developing and LDC Members may not be taken to dispute right away after implementation of some of the provisions.

THE TFA ARTICLES

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1. Publication & Availability of Information
2. Comment and Consultation
3. Advance Rulings
4. Procedures for Appeal or Review
5. Measures to Enhance Impartiality, Non-Discrimination & Transparency
6. Disciplines on Fees and Charges
7. Release and Clearance of Goods
8. Border Agency Cooperation
9. Movement under Customs Control
10. Import, Export & Transit Formalities
11. Freedom of transit
12. Customs Cooperation
- 13-20. Implementation flexibilities for developing and LDCs
21. Provision of assistance and support for capacity building
22. Information on Assistance and Support for capacity building to be submitted to the Committee
23. National TF Committee
24. Final provisions

