



USAID

## THE TRADE FACILITATION AGREEMENT: A WORLD OF OPPORTUNITIES FOR MSMEs

This document was produced for review by the United States Agency for International Development. It was prepared by SEGURA Consulting for the Trade and Competitiveness Activity, contract number AID-OAA-C-17-00110. Its contents are the sole responsibility of the author and do not necessarily reflect the views of USAID or the U.S. Government.

## **ACKNOWLEDGEMENTS**

This report was written by Tania D'Allonnes, an independent consultant, with support from SEGURA Consulting.

This publication was developed with guidance from the U.S. Agency for International Development (USAID) Bureau for Development, Democracy, and Innovation (DDI). The author expresses gratitude to Paul Fekete of the Center for Economics and Market Development (EMD) for offering thoughtful comments and suggestions through several cycles of editing.

The author further thanks Christina Kopitopoulos of the Office of the United States Trade Representative (USTR) for closely reviewing the report and ensuring it is comprehensive, accurate, and consistent with the text of the Trade Facilitation Agreement.

# CONTENTS

<b>ACRONYMS AND ABBREVIATIONS .....</b>	<b>ii</b>
<b>FOREWARD .....</b>	<b>iv</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>I</b>
<b>Trade Facilitation for Smaller Businesses: A Literature Review .....</b>	<b>3</b>
HOW TRADE FACILITATION SUPPORTS INCREASED TRADE.....	3
SME INTERNATIONALIZATION .....	4
THE “DEVELOPMENT DIMENSION” .....	5
<b>Making the TFA Work for MSMEs .....</b>	<b>8</b>
INFORMATION ON RULES AND PROCEDURES .....	8
RELEASE AND CLEARANCE OF GOODS .....	10
FEES AND PENALTIES.....	13
CONSULTATIONS AND APPEALS.....	14
HARMONIZATION ACROSS BORDERS .....	16
E-SYSTEMS.....	19
MAINSTREAMING TRADE FACILITATION .....	22
WHAT THE TFA DOES NOT DO .....	25
<b>The Trade Facilitation Agreement: A Brief Overview .....</b>	<b>27</b>
WHAT IS TRADE FACILITATION? .....	27
A SHORT HISTORY OF THE TFA.....	29
OVERVIEW OF THE TFA.....	30
<b>GLOSSARY .....</b>	<b>32</b>
<b>BIBLIOGRAPHY .....</b>	<b>35</b>

## ACRONYMS AND ABBREVIATIONS

AEO/AO	Authorized Economic Operator/Authorized Operator
ASEAN	Association of Southeast Asian Nations
B2B	Business-to-business
BCP	Border crossing point
BDS	Business development services
CEFTA	Central European Free Trade Agreement
EC/EU	European Community/European Union
FDI	Foreign direct investment
GDP	Gross domestic product
GVC	Global value chain
ICT	Information and communications technology
IT	Information technology
ITC	International Trade Centre
LDC	Least developed country
MSME	Micro, Small and Medium-sized Enterprises
NTFC	National Trade Facilitation Committee
NTM	Non-tariff measures
OECD	Organization for Economic Cooperation and Development
PSI	Pre-shipment inspection
R&D	Research and development
SDG	Sustainable Development Goal
SME	Small and Medium-sized Enterprises
TFA	Trade Facilitation Agreement
TFI	Trade Facilitation Indicator

UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
URL	Uniform Resource Locator
WCO	World Customs Organization
WTO	World Trade Organization

## FOREWARD

While Micro, Small and Medium-sized Enterprises (MSMEs) are widely acknowledged to contribute to the economic growth of a country, their participation in international trade has been constrained because they typically lack the skills, knowledge of international markets, and familiarity with border procedures to effectively engage in the global economy.

The World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) includes many provisions that address some of these challenges both by providing greater levels of transparency regarding the rules and regulations of trade and by reducing the time and cost to trade, thereby improving the competitiveness of all firms.

Since its entry into force in 2017, implementation of the TFA has been progressing, but many countries, particularly developing ones, continue to face challenges with implementation of the reforms and modernization of customs and border agency procedures called for within the agreement.

USAID's publication of *The Trade Facilitation Agreement: A World of Opportunities for MSMEs* is intended to raise awareness among policymakers, the private sector, and other stakeholders about the importance of the TFA to the MSME community. Hopefully this publication can contribute additional knowledge to the national dialogues taking place about the TFA's implementation and to encourage stakeholders to recognize the value of the TFA's implementation in a timely and comprehensive fashion.

With greater understanding of the beneficial impacts of the agreement to the business community and an appreciation for its related effects might come additional impetus to achieve the full objectives of the agreement. But implementation of the agreement is only a means to an end: the unleashing of the private sector—including MSMEs—to expand their ability to engage in international trade, and thereby contribute to national economic growth and prosperity.

Paul Fekete  
Senior International Trade Advisor  
USAID | Bureau for Development, Democracy, and Innovation (DDI)  
February 2021

## EXECUTIVE SUMMARY

The Trade Facilitation Agreement (TFA) aims to make it easier for traders of all WTO Members to participate in international trade. Not only are trade costs significantly higher in low-income countries, they are falling at a slower pace. This reflects a vicious circle, whereby limitations in human and financial resources make it more difficult to develop sophisticated production and trade, which in turn limits resources.

The prevalence of micro, small and medium-sized enterprises (MSMEs) in terms of both numbers and employment, especially in developing and least developed countries, is widely recognized. Compared with larger firms, MSMEs tend to incur higher costs and spend more time in obtaining market, regulatory, and other information. Their smaller size makes these businesses more vulnerable to inefficient systems, making trade facilitation measures especially beneficial to their development. There is growing consensus on the specific trade facilitation measures most helpful to MSMEs, namely the “soft” measures that reduce documentation requirements, lower guarantees, and streamline declarations and procedures. Transparency measures help make trade more predictable and investing in them is key to expanding trade benefits for MSMEs.

Growth in digitalization has markedly transformed production and trade. Global Value Chains (GVCs) break up the production cycle across countries and account for an astounding 80 percent of trade. GVCs are seen as access points into international trade for MSMEs because individual firms can concentrate on their core production activity and develop knowledge and capacity through the GVC. But GVCs operate in regional hubs with global production centered in China, Germany, and the United States. This means potential springboards for MSMEs joining international trade exist primarily at the regional level, including through joint trade facilitation efforts. With proper trade facilitation, e-commerce is another potential avenue for MSME internationalization.

Along these lines, many of the provisions in the TFA have the potential to benefit MSMEs by lowering the time and cost of doing business, through:

- **Information on rules and procedures:** The TFA treats the provision of clear, reliable information as foundational to allow businesses to plan better and increase compliance with the trading system.
- **Release and clearance of goods:** By improving cross-border processing for Customs and other border agencies, the TFA aims to make trade faster and more stable, removing inefficiencies that plague small businesses.
- **Fees and penalties:** TFA provisions on fees and charges seek to discipline the strictly financial aspects of clearing goods, especially on smaller shipments, where payments can be prohibitive for MSMEs.
- **Consultations and appeals:** The TFA recognizes the importance of participation by the private sector, including MSMEs, as well as other stakeholders (consumer groups, civil society), to help draft rules and procedures and respond to disputes, thus increasing certainty and lowering risk and corruption.

- **Harmonization across borders:** The TFA includes a set of specific recommendations for facilitating the movement of goods at the border, including best practices for coordination among national trade-related agencies and with foreign counterparts.
- **E-Systems:** The TFA goes beyond correcting inefficiencies in documents and processes to establish a new, digital system of trade to replace paper-based systems.

But beyond these provisions, the TFA has much broader aims: it aspires to mainstream trade facilitation. Trade has linkages to almost all sectors of an economy. Mainstreaming trade facilitation acknowledges trade as an engine for growth and poverty reduction, contributes to an improved business environment, and thereby increases opportunities for MSMEs.

While the TFA's primary beneficiaries are traders, it also has collateral benefits. These include business formalization, improved accountability, legal reform, modernization, and sustainable development. It has been suggested that the TFA will have a greater impact on reducing trade costs than eliminating all remaining tariffs. Perhaps more importantly, proper TFA implementation will improve the experience of society as a whole: more openness and transparency are powerful engines of growth and development.

The paper closes with an overview of trade facilitation and the Trade Facilitation Agreement. A glossary of technical terms and a list of resources follow.



## TRADE FACILITATION FOR SMALLER BUSINESSES: A LITERATURE REVIEW

According to the 2019 Doing Business Report, it takes less than a day to export and 16 hours to import goods within the Central European Free Trade Agreement (CEFTA) region. This is more efficient than the average for Europe and Central Asia, where it takes about two days in either direction. But it is much less efficient than the average for Organization for Economic Co-operation and Development (OECD) countries: 15 hours to export and only 12 hours to import. The average Customs transaction involves 20 to 30 different parties and 40 documents (as well as multiple repeated agency tasks). These observations illustrate the potential benefits to be gained from TFA implementation for both users and providers of the services. Indeed, academic research has produced impressive numbers for the average decline in trade costs expected from full implementation, finding that trade costs can equate to over 100 percent ad valorem tariff in high-income countries and over 200 percent for developing countries.<sup>1</sup>

Not only are trade costs significantly higher in low-income countries than in wealthier ones, they are also falling more slowly. This is in part due to limitations in human and financial resources (moving goods quickly takes skilled agents and some investment in facilities and tools) and in part due to natural obstacles to trade (such as physical remoteness, which hinders many least developed countries (LDCs)). The narrow economic structures of production and trade also inhibit developing countries and LDCs. These countries produce and sell fewer goods because it is difficult to import inputs and export products, making it expensive to develop new and more sophisticated production lines (a vicious circle).

Although there is limited hard data on micro, small and medium-sized enterprises (MSMEs), especially in developing countries and LDCs, their prevalence is acknowledged in those economies in terms of both numbers and employment: there are few large enterprises and small or very small enterprises account for most jobs. Definitions of MSMEs differ and are open to some interpretation. Typically, these are formal enterprises, with a small number of employees and limited revenues. Businesses employing 10 or fewer workers are generally considered micro-enterprises, while SMEs are those employing fewer than 250.<sup>2</sup> In sub-Saharan Africa for example, most intra-regional trade of food and consumer goods is done by MSMEs. It is accepted that their smaller size makes these businesses more vulnerable to inefficient systems so that trade facilitation would be especially beneficial to MSMEs. While evidence suggests trade facilitation might help firms of all sizes—though gains may be unevenly distributed—there is growing consensus on the specific measures that are most helpful to MSMEs, namely the “soft” measures that reduce the fixed costs of entry. These include reduced documentation and data requirements, lower guarantees and thresholds, and streamlined declarations and procedures.<sup>3</sup>

### HOW TRADE FACILITATION SUPPORTS INCREASED TRADE

Facilitating trade should, almost by definition, increase trade volumes: easier flow means a better ability to meet demand, so more movement. It also allows for diversification: smoother processes make it possible to explore new products and markets. There is evidence that the gains from trade facilitation affect different-sized firms differently, increasing or diversifying in uneven measure.

TFA measures encompass both fixed and variable costs. The procedures that apply to each shipment may be considered variable; but learning what form to present and how to fill it out may be considered a

---

<sup>1</sup> ASEAN trade costs stand at 76% tariff equivalent after decades of trade integration.

<sup>2</sup> <http://documents.worldbank.org/curated/en/967301468339577330/pdf/WPS5538.pdf>

<sup>3</sup> <http://www.cutsgeneva.org/pdf/BP-2014-1-Trade%20Facilitation%20SMEs%20and%20Consumers.pdf>.

fixed cost—because it is only incurred once. In that the TFA promotes access to information and simplified documents and formalities, it can increase trade flows.

In easing access to information and procedures, the TFA can also encourage export diversification in two forms: more and/or different products are exported, or products are exported to more destinations (trade is broader). Research finds that with trade facilitation, more products reach more markets. MSMEs may be particularly responsive to these gains as they may become more comfortable exploring new ventures as transparency grows, and so would look at producing new items or entering new markets.

## **SME INTERNATIONALIZATION**

Growth in digitalization has transformed production and trade. The much-increased availability of management software has revolutionized manufacturing, while social networks and their advertising potential have created a marketplace that is truly global.

**Global Value Chains** (GVCs) break up the production cycle across countries, exploiting low inventory and quick product turnaround, and moving intermediate inputs across locations. GVCs account for an astounding 80 percent of trade. These GVCs are seen by some as access points into international trade for MSMEs.<sup>4</sup> Because each firm is responsible for one discrete step while the GVC hub absorbs fixed costs (for research and development, logistics, etc.), individual firms can concentrate on their core production activity and develop specialized knowledge and capacity. GVCs ship unfinished products across multiple borders, so trade facilitation lowers their costs and can enhance demand, production, and investment along the entire value chain. The proliferation of GVCs reinforces economic interdependency and a cross-border shared interest in trade facilitation.

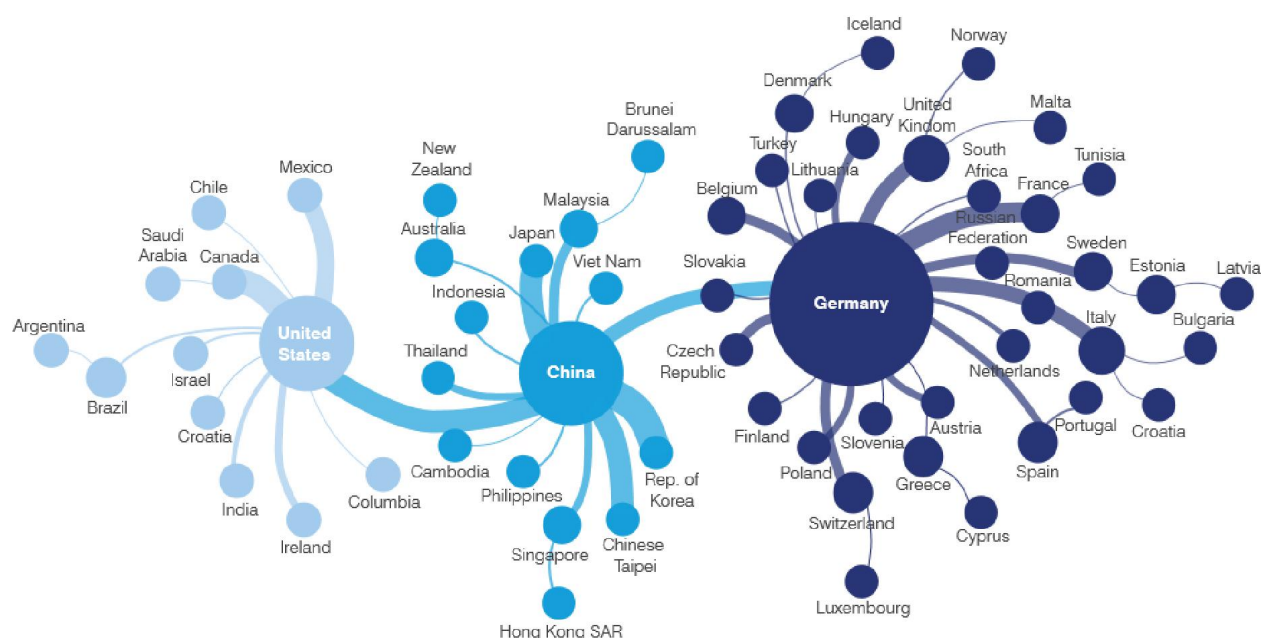
Interestingly, GVCs tend not to be so much global as regional, as pictured in Figure 1 below. Broadly speaking, there are three main centers of global production: China, Germany, and the United States; China is the hub for Asian GVCs, while Germany coordinates Europe and Africa. The United States' GVCs are principally through Mexico and Canada. This means potential springboards for MSMEs joining international trade exist primarily at the regional level, including through joint trade facilitation efforts. However, internationalizing through GVCs implies several caveats. Often, developing countries and LDCs participate in GVCs but their own value-added is small: the balance of power between the process-owner and its suppliers is skewed and if MSMEs are to grow and become independent, political choices need to be made (again preferably at the regional level) within appropriate environmental, social, and governance frameworks.<sup>5</sup>

---

<sup>4</sup> OECD research suggests that the use of foreign value added is one of the most important factors in the growth of domestic value added in exports across all activities for developed and emerging economies alike.

<sup>5</sup> South-South GVCs emphasize price over quality, making growing South-South trade accessible to MSMEs.

**FIGURE 1. VALUE CHAINS ARE REGIONAL: HUB AND SPOKES**



**Note:** The lines between countries represent the bilateral share of trade in parts and components, with thicker lines representing greater shares.  
**Source:** Santoni, Gianluca, and Daria Taglioni (2015).

Source: International Trade Centre (ITC), 2017

**E-commerce** is another avenue for MSME internationalization. In theory, even MSMEs can establish a virtual global storefront by setting up a website. The far-reaching development of sales platforms has made the client/seller interface much more direct and greatly improved producers' ability to reach their target customers in multiple markets. If trade facilitation reduces delays and uncertainty in delivery – and special dispositions are made in the TFA to facilitate courier shipments in particular – then MSMEs may be able to increase their exposure and sales to international clients: no middlemen to distort demand and no delays to cause disappointment and lost sales. Again, caution is merited in dealing with e-commerce platforms, lest the balance of power tilt away from MSMEs. Moreover, connectivity, still a significant issue in remote areas, remains a not-insignificant obstacle to MSME internationalization through e-commerce channels.

## THE “DEVELOPMENT DIMENSION”

“SMEs are the inclusive growth vehicles of the future and the world's largest potential source of new jobs.”

– Arancha Gonzalez, former Executive Director, ITC

The TFA focuses on making trade flow more smoothly. It does so by a combination of information-sharing, process streamlining, cutting red tape, and various best-practice approaches. While the TFA's primary beneficiaries are traders, it also has collateral benefits. Among these are formalization, accountability, legal reform, modernization, and contribution to some sustainable development goals (SDGs), as presented below.

## FORMALIZATION

The TFA places significant emphasis on making processes and procedures more transparent and efficient. It also argues for simplification, for instance by reducing requirements for documentation. Making the rules of the game clearer and more predictable encourages compliance, eliminating the need to cheat and the basis for illegal practices such as unofficial payments. A simpler system is cheaper to use, which encourages people to follow the rules and brings users into the formal sector. Working in the formal sector brings certain protections such as legal recourse and reduces foregone revenues for the government, in turn reducing the need for extra revenue collections from businesses. This is particularly relevant for MSMEs, which have limited resources and may therefore resort to unofficial channels to “make life easier.” By making compliance easier, trade facilitation contributes to formalization of the economy.

## ACCOUNTABILITY

The TFA contains several measures that will make Customs and other border agencies more accountable. Customs decisions to hold up clearance or impose a penalty, for example, must be explained in writing. Appeals processes should also exist when adverse decisions are taken by border agencies, and these agencies are encouraged to introduce regular measurements of their performance. These measures make Customs operations more visible and transparent, which in turn makes operators more accountable for their actions and decisions. The removal of “black boxes” around the movement of goods gives the public, starting with the private sector, the tools to monitor its service providers. It also removes uncertainty from the system, making it more predictable and stable, whatever the size of the service user. MSMEs, like larger firms, will have greater awareness of what constitutes proper service from border agencies, be able to expect accountability from these agencies, and have access to due recourse when services fall short.

## LEGAL REFORM

Implementation of the TFA leads to a more structured ecosystem with spillover benefits for various legal and regulatory mechanisms. These include formalization of public-private dialogue and related feedback mechanisms and the codification of rules, procedures, processes, and requirements for international trade transactions. Further, the TFA’s push for streamlining the processes around trade provides motivation, examples, and momentum for change. Customs often has a prominent role in developing and least developed countries, having both financial means and clout. Improving its administration will naturally lead to some reengineering: to “do” trade facilitation properly, every step and document must be analyzed and assessed for its contribution (or lack thereof). Implementing the TFA therefore serves in promoting legal reform; and if a Customs agency reforms, partner agencies will have both the incentive and the pressure to follow suit. They may even receive technical and financial assistance to do so in support of general system reform, as donors highlight the importance of a holistic approach to trade facilitation.

## MODERNIZATION

Moving small economic actors into the formal sector, making interactions with government more transparent, introducing accountability of officials and services, and promoting administrative and legal reforms are all steps to modernizing an economy and society more broadly. These steps recognize the

roles and responsibilities of all the actors in the system, whether private or public, and the influence they can and should have over how the community lives. In this context, trade facilitation can assist in the protection of the public interest on several fronts: by reducing lost revenues from inefficiencies and corruption, but also by helping to improve public health through coordinated efforts against counterfeit trade and unsafe products. By making the business environment more transparent, trade facilitation also removes the incentives for illegal and at times dangerous practices, improving safety and security for all. Trade facilitation boosts domestic competition, leading to more efficient resource allocation. And the formalization and codification of the enabling environment as encouraged by the TFA is also a draw for foreign direct investment. Companies tend to expand to countries where they will not have to pay bribes or encounter other explicit, market-distorting measures. There is a strong linkage between a transparent regulatory environment and the interest of U.S. and other multinational investors. These investments, with their attendant technology transfers, represent valuable opportunities for SMEs to join GVCs.

### THE TFA AND SDGs

Several specific measures of the TFA, and its general intent more broadly, support the Sustainable Development Goals adopted by the United Nations in 2015.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries—developed and developing—in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

<https://sustainabledevelopment.un.org>

A general example of the TFA's link to the SDGs is its push, through administrative reform, to formalize and integrate economies: better information and less room for illegal practices can significantly encourage MSMEs to move their activities into the formal sector and connect with international players. This contributes to SDG 8 “Decent work and economic growth.”

A specific example is Article 6 of the TFA, discussed below, on removing the opportunities for corruption around Customs collections: this feeds directly into SDG 16 “Peace, justice and strong institutions,” also supported by TFA articles requiring increased information and consultations. Properly implemented, almost all provisions of the TFA can make a positive contribution to these and other SDGs, not least 10 “Reduced inequalities,” 9 “Industry, innovation and infrastructure,” 4 “Quality education,” and 5 “Gender equality.” Improvements in these areas in turn support equitable economic growth and development worldwide.

## MAKING THE TFA WORK FOR MSMEs

“In most developing countries, SMEs make up the biggest share of GDP but are also the biggest employer, so there is the social impact to consider. Many SMEs and traders do not use formal channels, which reduces income for the state. In reality, most SMEs trade regionally and intra-regionally and also produce intermediate goods.”

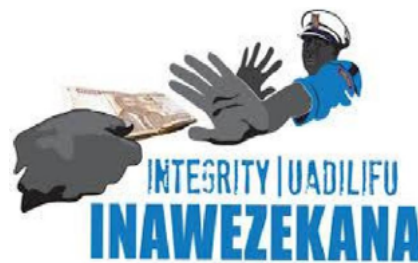
– David Vivas Eugui, Senior Advisor, CUTS International

MSMEs represent 95 percent of global enterprises and at least two-thirds of all private sector employment. MSMEs tend to incur higher costs and spend more time in getting market, regulatory, and other commercial information compared to larger firms which often have resources dedicated to trade-related tasks. MSMEs often have only one or two people on the management side which does not give much time for exploring potential new ventures and scrutinizing legislation, especially for far-flung places, as opposed to larger firms that might have entire marketing and legal departments for such research. Investing in making trade predictable, accountable, and cooperative is the key to expanding trade benefits for MSMEs: simplifying and making information more accessible reduces costs.

The TFA increases predictability for traders through a number of its articles, including Articles 1 (Publication and availability of information), 2 (Opportunity to Comment...), 3 (Advance rulings), 5 (Other measures to enhance impartiality, non-discrimination and transparency), 6 (Disciplines on fees and charges), 7 (Release and clearance of goods), and 10 (Formalities connected with importation and exportation and transit).

### INFORMATION ON RULES AND PROCEDURES

Like all businesses, MSMEs do better with more transparency. The expectation of clear and reliable information and processes makes for cheaper and more efficient planning and execution. Conversely, systems which are opaque or overly complex make compliance more onerous and open the door to discretion and the temptation to ease processing through corruption. The TFA recognizes that the first step to a clear and stable environment is through proper information. Providing both government officials and the business community with transparent rules encourages compliance, boosts efficiency, and streamlines Customs receipts. Article 1 of the TFA covers the issue of access to information in some detail, as follows:<sup>6</sup>



**Art. 1-1 Publication** - Members shall publish in a non-discriminatory and easily accessible manner information on procedures; documents; quotas, duties, taxes, fees, charges and penalties; rules on

---

<sup>6</sup> Text in red throughout this section offers brief summaries of the salient parts of TFA provisions described. The convention **Art. X-X** refers to first the Article number and then the subsection number within that Article. The convention **Art. X.X** refers to the Article number and then the paragraph within that section. For full English text of the provisions, please see [https://www.wto.org/english/docs\\_e/legal\\_e/tfa-nov14\\_e.htm](https://www.wto.org/english/docs_e/legal_e/tfa-nov14_e.htm).



classification, valuation and origin; trading agreements; restrictions and prohibitions; and procedures for appeal or review.

This requirement means firms will spend less time looking for the exporting and importing requirements of both local and overseas markets. Information must be available to all businesses, domestic and foreign alike. In addition to saving time on research, this will enable the estimation of import and export costs, which are key to developing budgets and to negotiating price and delivery conditions.

MSMEs will also save time and money on actual transactions by avoiding delays, fees, or penalties, which result from being poorly prepared for clearing imports or exports. By knowing which documents to prepare and present, and which fees to pay in advance of moving goods, businesses minimize opportunities for errors and discretionary pressure.

**Art. 1-2 Information Available Through Internet** – Members shall make available through the internet, preferably also in English, French or Spanish, a description of import, export, and transit procedures (including appeal), the forms and documents required, and contacts of enquiry point(s).

This requirement provides for online access to required forms and documents in addition to accurate, relevant information. It removes the need for physical presence by providing the information and forms electronically and reduces the costs for translation or legal services to access information about a target export market. As a result, MSMEs should gain a better understanding of the regulatory requirements of their operating environments and save on ancillary costs to enter new markets.

**Art. 1-3 Enquiry points** – Members shall maintain one or more enquiry points to answer reasonable queries and provide required forms and documents. Any charge should be limited to the cost of the services rendered.

Lao PDR launched its trade portal in 2009:  
[www.laotradeportal.gov.la](http://www.laotradeportal.gov.la)

This requirement facilitates MSMEs' access to reliable information, since "raw" legal documents can be both difficult to find and challenging to understand. Having a qualified person to answer questions and provide relevant documents, at no or limited cost, will save time and money in getting clear and definitive answers both in the home and target countries. In addition to saving time and effort, this provision may well open new opportunities for MSMEs. Many countries have launched trade portals, as shown by the table below:

TABLE 1. ILLUSTRATIVE LIST OF TFA ENQUIRY POINTS	
COUNTRY	LINK TO ONLINE ENQUIRY POINT
Albania	<a href="http://www.dogana.gov.al">http://www.dogana.gov.al</a>
Brazil	<a href="http://www.comexresponde.gov.br">http://www.comexresponde.gov.br</a>
Côte d'Ivoire	<a href="http://www.pwic.gouv.ci">http://www.pwic.gouv.ci</a>
Georgia	<a href="mailto:info@rs.ge">info@rs.ge</a>
Indonesia	<a href="http://www.kemendag.go.id">http://www.kemendag.go.id</a>
Kazakhstan	<a href="http://kgd.gov.kz">http://kgd.gov.kz</a>
Lao PDR	<a href="http://www.laotradeportal.gov.la">http://www.laotradeportal.gov.la</a>
Mongolia	<a href="http://www.customs.gov.mn/en">http://www.customs.gov.mn/en</a>

Philippines	boc.cares@customs.gov.ph
Turkey	<a href="http://vatandas.gtb.gov.tr">http://vatandas.gtb.gov.tr</a>
Ukraine	ep@me.gov.ua
Vietnam	<a href="http://www.vietnamtradeportal.gov.vn">http://www.vietnamtradeportal.gov.vn</a>

Source: World Trade Organization. Trade Facilitation Agreement Database. Accessed February 10, 2021.

#### **Art. 1-4 Notification – Members shall notify the WTO of the above provisions.**

This requirement mandates Members to inform the WTO of the establishment of the provisions on publication and enquiry points; the WTO in turn publishes their locations on its website. A single, centralized list of URLs of relevant online information and physical addresses of enquiry points at <https://tfadatabase.org/information-for-traders/enquiry-points>, along with links to relevant provisions, makes for easier and cheaper access for MSMEs.

#### **Art. 3 Advance Rulings - Members shall issue binding advance rulings on tariff classification or origin in a reasonable, time-bound manner. Members are encouraged to extend advance rulings, in particular to valuation.**

This requires WTO members – upon request – to determine the classification and origin before goods move, so both costs and margins can be known in advance. Once issued, advance rulings are binding at all ports of entry, removing disputes and discretion regardless of the route the shipment takes. With advance rulings, all determinations are made so clearance is sped up: resulting in less warehousing, demurrage, and shorter delivery times. Further, advance rulings are typically valid for a window of time, which allows for several rounds of imports or exports at a known cost.

Some countries publish advance rulings (stripped of confidential information) so other traders will know how similar goods may be treated, which again lowers information costs. The use of advance rulings is not mandatory but can help remove uncertainty and assure consistent treatment at different border crossings. In this way, advance rulings can be an invaluable cost-saving instrument for MSMEs, provided the volume, value, or frequency of shipments justify making the request to Customs.

### **RELEASE AND CLEARANCE OF GOODS**

Release and clearance of goods is perhaps the most visible aspect of moving goods across borders. Businesses, especially smaller ones, routinely complain of the inefficiency of “Customs” in moving goods, costing them time and money. It should be recognized that Customs is not the only border agency, but as the face of goods clearance, work on Customs procedures is fundamental in at least two ways: (i) with better Customs operations comes less friction; and (ii) more efficient Customs means more time for other interventions. The TFA aims to improve the border-crossing process through Articles 7 (Release and Clearance of Goods) and 10 (Formalities Connected with Importation and Exportation and Transit).

#### **Art. 7-1 Pre-arrival Processing - Members shall allow for the submission of import documentation and other required information, in order to begin processing prior to the arrival of goods with a view to expediting release.**



This measure allows goods to move more quickly, as preliminary document checks may be done in advance of the arrival of the shipment. MSMEs would benefit from getting documents reviewed before shipments arrive, with particular time savings where processes are not automated (that is, where they are still paper-based, which requires additional time). Goods moving more quickly reduces delays and handling costs, especially if import declarations are processed pre-arrival (no demurrage, refrigeration, etc.). Additional benefits flow from the possibility of immediate cargo release or the ability to submit all documents electronically.

**Art. 7-3 Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges** - Members shall allow the release of goods prior to the final determination of customs duties, taxes, fees, and charges. The Article also includes rules on Customs' use of guarantees.

Separation of release from the payment of taxes will ensure goods move more quickly, without stopping to determine the final duties and taxes owed to Customs. This significantly reduces entry point costs (demurrage, storage, refrigeration, spoilage, etc.) and time (cargo is released more quickly and queues shortened) and should make for shorter or more predictable delivery times.

Further, any guarantee is limited to the duties and taxes payable, possibly with a provision for a fine, and must be discharged by Customs as soon as the transaction is finalized. Securing such a guarantee through surety companies should not be cost-prohibitive even for MSMEs, which can be cash-poor and therefore find it difficult to tie up funds for any extended duration.

**Art. 7-8 Expedited Shipment** - Members shall allow expedited release of at least those goods entered through air cargo facilities.

Though not exclusively, this article provides further trade facilitation for express couriers. Their customers, including MSMEs who import or export goods on a just-in-time basis, will enjoy faster customs processing and quicker delivery. The waiving of small amounts of duty and tax (de minimis rules) would be an additional savings of both money and time. As discussed in the context of e-commerce, this provision might facilitate "internationalization" of MSMEs by making it faster and cheaper to reach customers around the world via popular electronic sales platforms.

**Art. 7-7 Trade Facilitation Measures for Authorized Operators** - Members shall provide additional trade facilitation measures to (authorized economic) operators who meet specified criteria.

Authorized Operators (AO) typically submit fewer documents, have fewer cargo inspections, enjoy rapid release, can defer payments, and may clear goods at their own premises. Fewer checks and simplified procedures save time and costs at border crossings. The possibility of deferring payment (and, to a lesser degree, comprehensive guarantees where one payment covers several transactions) is of significant value to MSMEs as it lends cashflow fluidity.

Brazil's AEO program is designed to attract MSMEs

Additional benefits derive from AO status being recognized by foreign Customs authorities through mutual recognition agreements, which would further ease cross-border movements. Customs administrations typically cooperate across borders and recognize each other's seals of approval, so a known trader for one Customs administration may also enjoy similar recognition with another counterpart. Additional benefits may accrue from being granted AO status by Customs, since it is in essence certification as a trusted business, which may serve in marketing or B2B opportunities to which producers and consumers are increasingly attentive in their purchasing decisions. Although most AO

programs are not designed for MSME participants, article 7.7.2(b) of the TFA requires that AO programs should be implemented in a manner that does not disincentivize the participation of MSMEs.

**Art. 10-2 Acceptance of Copies - Members shall endeavor to accept paper or electronic copies of supporting documents.**

This requirement will yield significant savings in time and its attendant costs: goods will not wait for hand-delivery of original paper documents, or for one document to do the rounds of all border agencies, or for documents that may be difficult to obtain, such as export declarations. If only originals are accepted, there are limitations on pre-arrival processing, or for changes in delivery. There are also concerns over loss or falsification. Accepting copies can save much back-and-forth, which equates to time and money. Moving to electronic copies further secures and speeds up the system and is a step towards automation of the entire customs clearing process.

**Art. 10-6 Use of Customs Brokers - Members shall not introduce the mandatory use of customs brokers.**

This provision represents savings in two circumstances:

- 1) Where Customs requires the use of customs brokers, the system must be transparent, providing clarity and some control for businesses over the cost of using brokers.
- 2) Where there is no mandatory use of customs brokers, the cost of these services is eliminated for businesses that choose to make their own declarations, and business has more control over customs clearance should it wish to act on its own.

In addition to the above-reviewed provisions, which will result in direct time and cost savings to business, the TFA includes several prescriptions for internal improvements of Customs and border agency operations. These measures, while they may not directly impact businesses' cashflows, will ease cross-border processes and thus improve the operating environment generally. Properly implemented, they may yield significant progress toward the internationalization of MSMEs. These more administrative steps include:

**Art. 7-4 Risk Management - Members shall maintain a non-discriminatory risk management system for customs control.**

Modern trade is too voluminous and varied to allow or justify inspections of 100 percent of all shipments. Attempts to do so are both impossible (because of the magnitude and complexity of goods) and inefficient (with necessarily finite human, technical, and financial resources). Customs and other border agencies are encouraged to adopt best-practice approaches to risk management, whereby shipments to be inspected are selected on "appropriate selectivity" criteria, including the nature or origin of the goods, with some proportion of random selection. Risk management is in principle and in effect a philosophical change to the entire system for dealing with trade, assuming most is legitimate and focusing on selected outliers, such as weapons, drugs, or dangerous products. With reduced inspections and the possibility of green channels or trusted traded programs, clearance times will shrink overall. In this context, processing speeds up, saving time and money for traders. Further, with the increasing importance of e-commerce and the resulting movement away from bulk container shipments to individual consignments, the needs and benefits of risk management will be even more significant, particularly for MSMEs.

**Art. 7-6 Establishment and Publication of Average Release Times** - Members are encouraged to measure and publish their average release time of goods periodically.

Organizations are increasingly being encouraged to measure their performance with respect to users and in so doing, identify areas of improvement. The TFA likewise recommends the introduction of such a metric for “average release time of goods” which might span Customs and other border agencies. The TFA suggests using the World Customs Organization (WCO)’s Time Release Study, which measures the time between a shipment’s registration and its exit from the port of entry. Regular measurement would both encourage the monitored agencies to improve their performance, especially if the reports are broadly available, and help identify bottlenecks for improvement. In this respect, this “simple” administrative measure may lower costs, in addition to saving businesses’ time.

Consistent with the principle that a rising tide lifts all boats, any one of the above measures will shrink the time necessary to clear at least some shipments, thus reducing the queuing time for all. Less time at the entry and exit points of a given country will reduce the costs that derive from moving goods in and out, making trade a viable instrument of economic growth. In addition to these time and cost savings, the TFA’s measures would therefore result in a greater volume of products being traded, and consequently more government revenues from Customs and other border agency fees and higher turnover for businesses.

## **FEES AND PENALTIES**

With the gradual erosion of tariff rates over the past three decades, other aspects of trade have come to the forefront, culminating in the TFA itself. Yet beyond making the process of trade more transparent and providing for a stable environment with set rules for all, the strictly financial facet of clearing goods remains an important one for MSMEs, especially on smaller shipments, where fees can be prohibitive. Article 6 gives Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation and Penalties.

**Art. 6-1 General Disciplines** provides for adequate advance publication of the fees and charges, their rationale, the responsible authority and the payment method, and for periodic review. **Art. 6-2 Specific Disciplines** imposes limits on the amount of fees and charges, which shall be commensurate with the services rendered.

Together these provisions bring clarity to the fees that can be charged on moving imports and exports, by which agency, and how and when they must be paid. This allows for better budgeting. Periodic review of these fees is intended to encourage their removal where administration costs exceed the revenues they bring in, which is often the case on smaller shipments or lower-risk items. It is expected that these measures will lead to a reduction of border-related fees, further benefitting MSMEs.

**Art. 10-9 Temporary Admission of Goods and Inward and Outward Processing** - Members shall allow the suspension of duties on goods imported temporarily which will not undergo change in-country, imported parts or materials for use in exports, or locally-produced or previously-imported goods that were temporarily exported (e.g. for repairs).

This provision will directly save taxes and duties on shipments of product samples, testing equipment, items for repair, and manufacturing inputs. In the modern economy, the ability to move goods across borders temporarily is key to running more sophisticated production lines. Doing so without paying taxes is particularly important for smaller businesses which may not have much cash available to tie up, especially if production is dependent on imported inputs or suspended pending reimport of repaired

equipment. Waiving taxes and duties also speeds cargo movement which reduces costs and clearance times.

**Art. 6-3 Penalty Disciplines** - Penalties are imposed for a breach of Customs laws, regulations, or procedures. They shall depend on the facts of the transaction and must be commensurate with the severity of the breach. Members shall maintain measures to avoid conflicts of interest in the assessment and collection of penalties. When a person voluntarily discloses a breach prior to its discovery by Customs administration, this fact shall be considered as a potential mitigating factor.

This measure is of particular relevance to MSMEs, in that it prevents Customs from applying disproportionate penalties for minor errors to which smaller businesses might be more prone. Penalties must be justified, which allows a business to seek an appeal where this is not sufficiently documented. Penalties should also be designed so as to avoid conflicts of interest. Any system that comprises complex or opaque rules encourages some rent-seeking and the use of “speed-money,” in other words, corruption.<sup>7</sup> This has costs for businesses (and potential lost revenues for the government) and because it is arbitrary, makes the process and its costs less predictable. Corruption disproportionately affects MSMEs, as they have limited financial means and weaker legal recourse, making them easier prey and increasing the impact of penalties when they make illegal payments.

## CONSULTATIONS AND APPEALS

Disputes over goods shipments are daily occurrences, spanning documentation, tariff classification, valuation, and any number of other issues. They are costly and burdensome to businesses and Customs authorities alike. Where the rules are not published and disseminated openly and regularly, the environment for trade and business is uncertain and risky, and opportunities for corruption abound.

Consumer groups, civil society, MSMEs, and parliamentarians have not typically participated in supervising trade, neither when rules and procedures are drafted nor where there are disputes. Yet giving a voice to business in particular, including MSMEs, is key in alleviating problems upstream and down. The TFA recognizes the importance of dialogue, specifically in Articles 2 (Opportunity to comment and information before entry into force and consultation), 4 (Appeal or review procedures), 5 (Other measures to enhance impartiality, non-discrimination and transparency), and 10.8 (Rejected Goods).

**Art. 2-1 Opportunity to Comment and Information before Entry into Force** – Members shall provide opportunities and appropriate time for interested parties to comment on proposed laws and regulations. Changes to duty and tariff rates, measures that have a “relieving effect” and urgent changes are exempt from this notification.

---

<sup>7</sup> A 2009 study found that illegal payments could make up to six times the monthly salary of a port official in Southern Africa (Shepherd, 2009).

This provision gives time for business to learn about newly proposed or changed rules. This period should serve both to provide Customs with comments on how the change might be introduced (or perhaps modified), and for traders to make appropriate adjustments. Opportunities to learn in advance about prospective changes to the system, as well as opportunities to open a dialogue, add to a stable trading environment with lags between issuing a rule and its enforcement. This also provides a platform for constructive dialogue between business and Customs and other border agencies, detached from specific trades or conflicts.

In Vietnam, draft regulations are frequently discussed with the Association of Small and Medium Enterprises

**Art. 2-2 Consultations** – Each Member shall provide for regular consultations between its border agencies and traders or other stakeholders located within its territory.

The intent behind this provision is to allow business (and civil society) to participate in the design of the laws and rules that govern trade. The private sector is in a position to represent difficulties in complying and to offer alternative solutions that are more business-friendly. Customs will have to consider these recommendations, thereby limiting potential negative effects on trade and compliance. The consultations also give businesses some time to adapt to proposed changes.

For Customs and other border agencies, consulting with the public and businesses yields several advantages, including access to free expert advice from the system's users, the possibility of delegating various functions to traders themselves (with potential further savings for business), and a strong positive signal to the international business community (which may bring inward investment).

In fact, the TFA places so much emphasis on transparency and consultation that one of its key instruments is the National Trade Facilitation Committee (NTFC). Such committees are a requirement of the agreement and are designed to bring together government, the private sector, and civil society. NTFCs are venues for exchange and discussion, as well as potential 'think tanks' for new national initiatives and legislation. Ecuador launched an NTFC in 2019 to establish the political will to help public and private sector representatives to respond more quickly to the ever-changing landscape of international trade. Together with the private sector, the range of agencies working on trade developed a road map to decrease bureaucracy and simplify, harmonize, and automate procedures. The Government of Ecuador emphasized the importance of private sector participation throughout this process to identify trade barriers and propose solutions to increase compliance and trade flows.<sup>8</sup> While not specifically designed with MSMEs in mind, NTFCs are a specific TFA effort aimed at active private sector engagement.

The TFA covers both general, high-level consultation and exchanges on rules and procedures and practical applications in daily operations, per the Articles below.

**Art. 4 Procedures for Appeal or Review** - Customs must provide reasons for its decisions. Any person to whom Customs issues an administrative decision has the right to an independent administrative and/or judicial review.

This provision allows for Customs decisions to be reviewed and potentially reversed. It addresses concerns (and costs) resulting from errors, arbitrary decisions, and undue delays. It allows for

---

<sup>8</sup> <https://www.youtube.com/embed/BKtCxtNA15M?>

transparency and provides a basis for appeal. Administrative appeals bring additional benefits, especially for MSMEs, in that they are less formal and thus faster and less costly than other options such as going to court.

The TFA is an agreement to govern all trade. It does not discriminate between traders or goods. However, some products face unique obstacles. These include food and other agricultural products whose scrutiny goes beyond Customs to various health and safety authorities. In developing and least developed countries, a significant share of trade is often made up by MSMEs moving agricultural goods. The interruption of this trade can be particularly grievous as damage to agricultural products can occur quickly and irreversibly. Certain provisions of the TFA are specifically relevant to these products and traders, as follows.

**Art. 5-2 Detention - Members shall promptly inform in case of detention of goods for inspection.**

This is especially relevant for perishables which incur refrigeration costs and can spoil: knowing that a shipment is detained is the first step to taking action for its release or care. With this provision, any trader whose shipment is held up must be notified quickly, allowing for the opportunity to obtain supporting documents or appropriate storage and handling. This should reduce the costs related to both holds at the port of entry/exit and potential deterioration of the cargo itself.

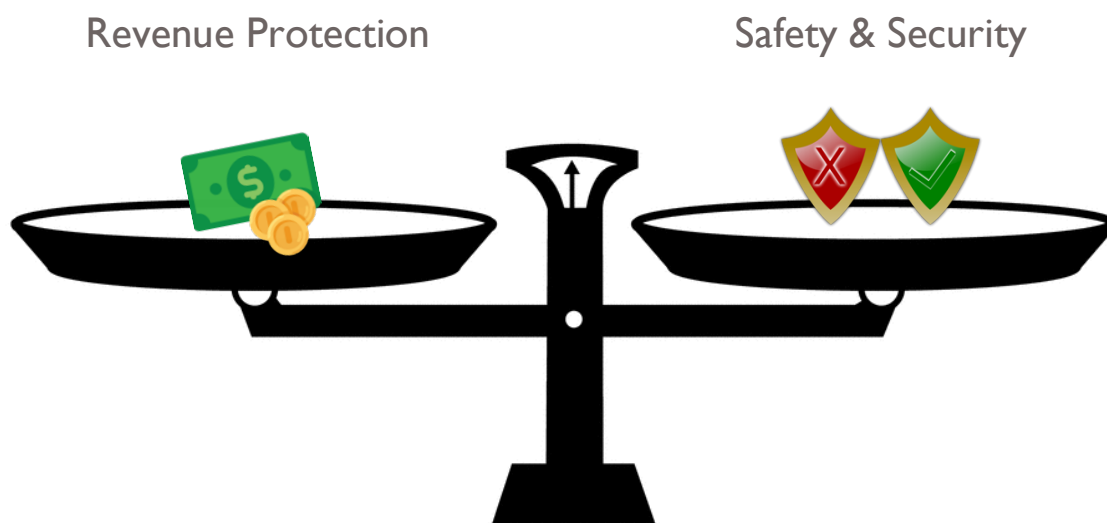
**Art. 7-9 Perishable Goods - With a view to preventing avoidable loss or deterioration of perishable goods, they must be released within the shortest possible time, given appropriate priority and properly stored pending release.**

This measure reduces the risk of spoilage or shortened shelf-life and consequent loss of value for perishable products. Attendant costs include special handling and storage, insurance for high-value items, and likely lost sales and revenues. It is envisioned that border agencies will not only give priority but indeed attend to such cargo on a demand basis, maintaining flexible operating hours and the like. This is invaluable for all trade tied to fragile products whose damage can constitute severe losses. There are significant benefits to adhering to this provision due to the importance of perishable goods to the trade of developing countries and LDCs, and to MSMEs themselves.

## **HARMONIZATION ACROSS BORDERS**

The TFA includes a number of specific recommendations for facilitating the movement of goods at the border. It also recommends a set of best practices in the general approach to border-crossing, recognizing the need to strike a careful balance between ease of traffic and the need for compliance and security. Traditionally, Customs and other border agencies were tasked with raising revenues and with ensuring only legitimate trade was allowed, as illustrated in Figure 2 below. Today's approach to trade, combining facilitation and risk management, is the foundation of the figure: Customs and other trade management agencies must implement trade facilitation as a tool to secure legitimate trade and, to a lesser and declining extent, revenues. In doing so, the necessity to coordinate and cooperate is both internal to a country across its own trade-related agencies, and across its borders with foreign counterparts. The TFA addresses both types of harmonization, in particular through Articles 8 (Border Agency Cooperation), 10 (Formalities Connected with Importation, Exportation and Transit), and 12 (Customs Cooperation).

FIGURE 2. THE TRADE FACILITATION BALANCING ACT



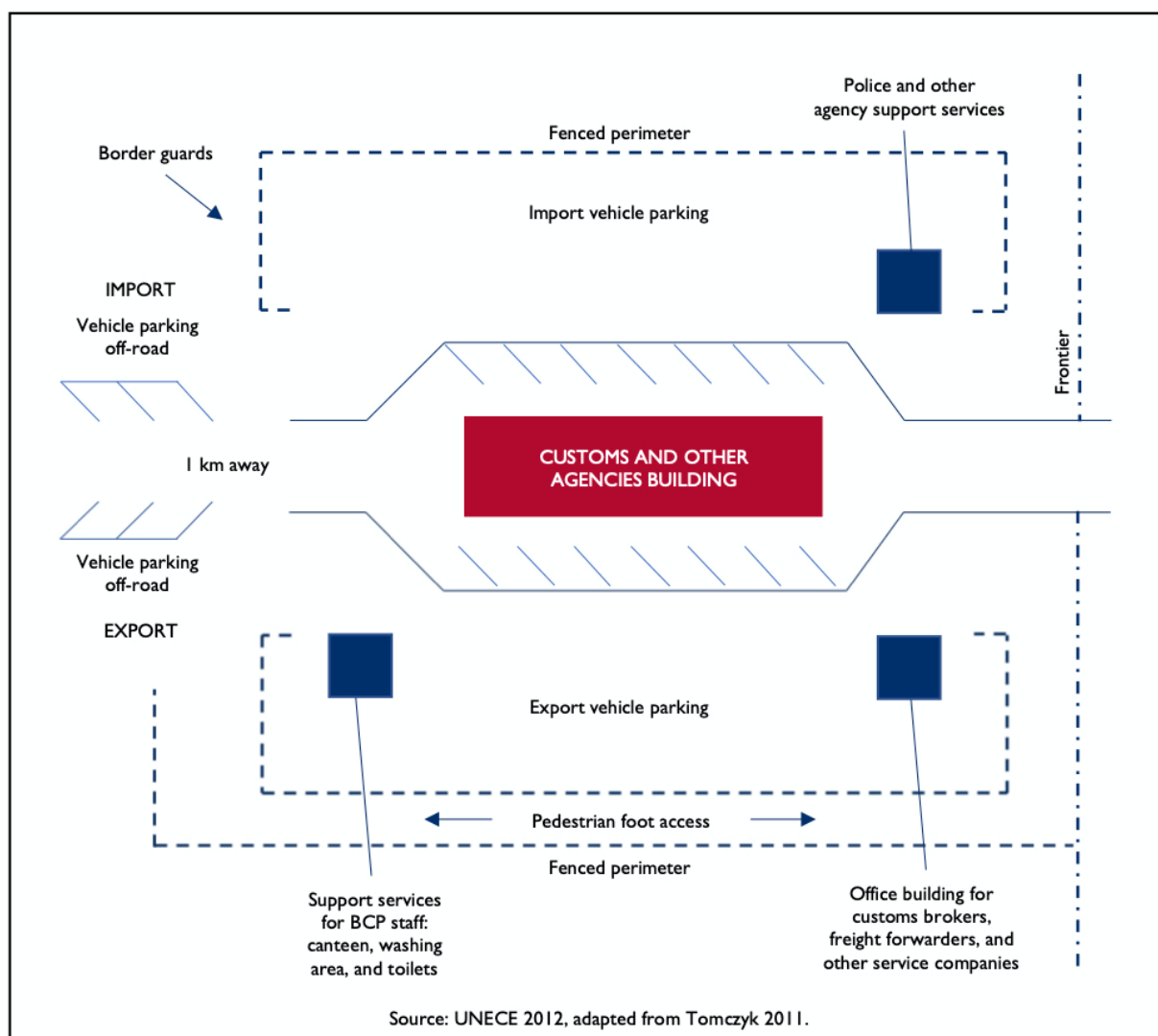
Adapted from UNECE 2012.

**Art. 8.1 Internal agency cooperation** - Each Member shall ensure that its authorities and agencies responsible for border controls and procedures dealing with the importation, exportation, and transit of goods cooperate with one another and coordinate their activities in order to facilitate trade.

The TFA is clear in its imperative that countries should coordinate their agencies across all trade management functions *in order to facilitate trade*. When Customs, the border police, or the food, plant, or animal safety agencies fail to coordinate, they markedly slow down trade. Multiple checks remain commonplace and can be especially predatory for MSMEs, unduly raising costs. The TFA expects that responsible agencies will adopt common border procedures, uniform documentation requirements (including across entry points), align hours of operations, and ideally share office space, so that importers and exporters alike find the process of clearing goods more transparent and easier to comply with. Not having to present multiple documents in various formats at several offices, possibly operating in different locations or during different hours, allows for significant savings in time, effort, and costs, especially for MSMEs which have limited resources to devote to moving their inputs and outputs at the border. Figure 3 below provides an illustrative layout of an integrated border crossing point with capacity to accommodate up to 100 vehicles per day. As shown, there is offsite parking to reduce congestion at the crossing, separate sides for import and export traffic to allow for faster processing, and a central building gathering the agents of all the border agencies. In this way, both sides of trade flow separately, consequently dealings with all border agencies are smoother and more efficient.



**FIGURE 3. ILLUSTRATIVE LAYOUT OF A BCP UP TO 100 VEHICLES PER DAY**



**Art. 8.2 External agency cooperation** - Each Member shall cooperate on mutually agreed terms with other Members to coordinate procedures at border crossings to facilitate cross-border trade.

Again, the TFA underscores the need for counterparts across borders to coordinate so that trade may flow more easily. The recommended coordination includes aligning hours of operation, procedures, and formalities, sharing facilities, and implementing one-stop border posts. Properly administered, such cooperation yields significant savings to traders. It also serves the control agencies on both sides of the border by reducing the burden of checks and controls. Such cooperation would therefore result in time and cost savings for all sides of trade and clearance: border agents can concentrate on one direction of trade and traders have a dedicated interlocutor to deal with.

Risk management would be greatly enhanced by cooperation across borders: the sharing of information, systems, and facilities minimizes duplication of effort and costs. It is worth noting that Article 12 (Customs Cooperation), which specifically discusses best practices in managing customs compliance, emphasizes the protection of confidential business information in cross-border exchanges.



**Art 10-3 Use of International Standards** - Members are encouraged to use relevant international standards as a basis for their import, export, or transit formalities and procedures.

While much can be done at home to facilitate the movement of goods, borders by their nature separate more than one country. Modern production, spread as it is across many countries, crosses multiple borders. Facilitating trade naturally involves smoothing inward, outward, and through movement. This requires the cooperation of all parties involved (importing, exporting, and transit countries). Where each country uses its own forms and procedures, business is burdened by the multiplication of documents and steps, as well as potential language difficulties. All of these factors raise costs for MSMEs, often prohibitively. The adoption of international standards in data requirements, documentation, and trade procedures – along the lines developed by the WCO or the United Nations Economic Commission for Europe (UNECE) – increases predictability, simplifies the process, encourages compliance, and reduces costs, all to the benefit of MSMEs.

The TFA's overall promotion of common international norms and standards encourages countries not only to simplify their own procedures but to align them to each other's, which in turn makes it easier for businesses, especially MSMEs with limited resources, to be in compliance and to exploit opportunities from trade.

**Art. 10-5 Pre-shipment Inspection** - Members shall not require the use of pre-shipment inspections in relation to tariff classification and customs valuation.

Pre-shipment inspections (PSI) were historically introduced in response to weak customs administrations in importing countries. The PSI process requires private companies in the exporting country to verify the quantity, customs classification, price, and quality of exports on behalf of the importing country.

Almost since introduction, PSI have been criticized as adding costs and delays: they are therefore antithetical to trade facilitation. While these inspections are increasingly out of favor, the TFA bans their use outright for the purpose of customs valuation and classification. (While PSI may be used for safety or quality, even these uses are discouraged). Removing PSI recognizes the international development of Customs capacity and Customs cooperation, lifts an administrative burden on Customs, and saves time and costs for business, with particular benefits accruing to smaller, more financially-constrained traders.

## E-SYSTEMS

Korea's Single Window connects 14 agencies and 162 services.

As repeatedly seen throughout this document, the TFA aims to streamline and simplify the movement of goods. It lists a number of documents, processes, and procedures involved in trade with a view to assessing their true added value in the administration of trade and consideration of their possible elimination. These practical steps to the reengineering of Customs extend beyond correcting inefficiencies to the establishment of a new, digital system of trade. Two articles in particular encourage Member states to move away from paper-based systems.

**Art. 7-2 Electronic Payment** - Members shall allow, to the extent practicable, the option of electronic payment for duties, taxes, fees, and charges collected by Customs.

- 1) Electronic payments can reduce both the time and the cost of clearing Customs;
- 2) Quicker payment means quicker release where the two are tied electronically;
- 3) Manual payments take time to edit bills and receipts, receive and verify monies;
- 4) Physical payments also carry risk both to the safety of the cash-holder, and promote opportunities for corruption;
- 5) Integrated systems have internal error checks (reducing input errors) and remove opportunities for discretion (no money changes hands);
- 6) Integrated systems can also allow for release independent of actual cash movement (by sending a notice that a payment has been made or relevant information has been submitted).

In addition to saving time at clearance, e-payments can be made remotely, at a time convenient to the business, and leave records for book-keeping. These factors allow MSMEs more flexibility to deal with shipments on their own schedule and can help with accounting, all of which saves time and money.

**Art. 10-4 Single Window – Members shall endeavor to establish or maintain a single window.**

The advantages of a single window are multiple, and all tend towards saving time and costs. Historically, businesses must approach each border control agency in turn, in person, at different locations, often presenting the same information in different formats and incurring substantial costs. A single window centralizes all procedures and documents in one system, removing the need to “run around,” the risk of errors, and the potential for uncertainty.

Such a system requires much back-office streamlining and emphasizes harmonization of both import and export procedures of all the agencies involved, further shrinking time and costs for business users. It can ultimately lead to alignment with other countries’ systems, further facilitating cross-border trade.

There is, however, a challenge to the automation of border procedures. While Customs tends to focus on the cost of the hardware required to support e-payments or single windows, these costs are relatively small and are often absorbed in larger Customs reengineering efforts supported by donors. The real obstacle is assuring the connectivity of users. As the general trend, exemplified by the TFA, is towards increasingly paperless trade, the ability to get online will become paramount. In many developing and least developed countries, businesses – especially MSMEs – struggle with internet access. The wider use of cellphones can assist, provided appropriate apps and required legal instruments are put in place. As well as beneficiaries of e-systems, MSMEs therefore can be strong advocates for their introduction as a leveler of the playing field and booster of business and revenues.

Figure 4 below reviews the benefits of the TFA to MSMEs. It must be highlighted that the combined effect of full implementation would be greater than the sum of the benefits from individual measures. This is in part because moving obstacles along the line does not help as much as removing them, but also because proper TFA implementation really implies a change of approach and attitudes. Finally, TFA benefits accrue not only to importers and exporters, but to the public agencies involved, as well as producers, consumers, investors, and workers.

**FIGURE 4. SUMMARY OF TFA BENEFITS TO MSMEs**

<b>SPECIFIC TFA MEASURE</b>	<b>BENEFITS</b>
Art. 1-1 Publication	Information costs saved
Art. 1-2 Information Available Through Internet	Clear estimation of import/export costs
Art. 1-3 Enquiry Points	Delays, fees, and penalties avoided
Art. 1-4 Notification	Presence, translation, and legal costs saved
Art. 3 Advance Rulings	Clear direction on classification, origin, and other relevant customs clearance information Delays and attendant costs avoided Time saved (for term rulings) Information costs saved (with published rulings)
Art. 7-1 Pre-arrival Processing	Reduced release time for goods Reduced delays at border crossings and/or entry points Reduced handling costs
Art. 7-3 Separation of Release from Final Determination of Customs Duties, Taxes, Fees, and Charges	Reduced release time for goods Reduced handling costs Quicker, more predictable deliveries More affordable guarantees
Art. 7-8 Expedited Shipment	Quicker, more predictable deliveries Waived duties (usual practice)
Art. 7-7 Trade Facilitation Measures for Authorized Operators	Time and costs saved Quicker, more predictable deliveries Deferred payments (usual practice) Known trader status
Art. 10-2 Acceptance of Copies	Time and costs saved
Art. 10-6 Use of Customs Brokers	Costs saved More control over clearance
Art. 7-4 Risk Management	Reduced release time for goods Reduced handling (costs) Quicker processing
Art. 7-5 Post-clearance Audit	Reduced release time for goods Quicker, more predictable deliveries Deferred payments Known trader status
Art. 7-6 Establishment and Publication of Average Release Times	Increased transparency Time and costs saved
Art. 6-1 General Disciplines	Information costs saved
Art. 6-2 Specific Disciplines	Clear estimation of budgets
Art. 10-9 Temporary Admission of Goods and Inward and Outward Processing	Duties on temporary imports/exports avoided

Art. 6-3 Penalty Disciplines	Reduced penalty costs Possibility of appeal Reduced corruption costs
Art. 2-1 Opportunity to Comment and Information before Entry into Force Art. 2-2 Consultations	Reduced information costs Opportunity to comment/influence
Art. 4 Procedures for Appeal or Review	Reduced costs from arbitrary process, errors, or appeal Increased transparency
Art. 5-2 Detention	Reduced handling and storage costs Reduced losses from spoilage
Art. 5-3 Test Procedures	Reversal of rejected shipments More visible compliance
Art. 7-9 Perishable Goods	Reduced handling and storage costs Reduced insurance costs Reduced losses from spoilage
Art. 8.1 Internal Agency Cooperation Art. 8.2 External Agency Cooperation Art. 10-3 Use of International Standards	Time and costs saved Lower cost of compliance
Art. 10-5 Pre-shipment Inspection	Faster processing and release time
Art. 7-2 Electronic Payment	Faster processing Reduced risk of errors Easier, more cost-effective compliance
Art. 10-4 Single Window	Reduced release time for goods Lower cost of compliance

## MAINSTREAMING TRADE FACILITATION

While the above sections have sought to provide information on specific articles of the TFA and how these measures would save MSMEs time and money, it is important to understand that the Agreement has much broader aims that transcend its specific provisions. The aspiration is very much to mainstream trade facilitation itself. Trade by its very nature has significant linkages to most sectors and impacts the economy at large. Mainstreaming trade facilitation acknowledges trade as an engine for economic growth and poverty reduction. Mainstreaming trade facilitation into national strategies and policy reforms contributes to a coherent approach to a better business environment and improved opportunities for the whole country: improving access to information, reducing costs, building capacity, encouraging product and market diversification, bolstering safety and security, enhancing services, modernizing infrastructure, using digital tools for inclusion, etc., all of which have corresponding benefits for businesses. Building on the earlier discussion, this section encourages the implementation of the tools detailed in the TFA in the spirit of broader trade facilitation goals. This has the potential to improve the trade experience of MSMEs, among others, and aid in their formalization, compliance, and development.

**Accessible enquiry points** – “Information is power.” The TFA provides for set and precise rules to be available to all interested parties. This is to be achieved through online publication, preferably in

several languages. As a first step, accessing information in a passive way can answer many preliminary questions. The TFA goes further, providing for human assistance, in-person and preferably at several locations where business might visit. Although the TFA is focused on Customs and border agencies, it should be understood that access to information both passive and active is expected to be mainstreamed across the board to facilitate trade. Removing unknowns is viewed as a keystone to trade facilitation, particularly for smaller, less experienced traders.

According to the OECD, “redundant or sequential controls, duplicative documentation requirements and insufficient coordination between responsible agencies may exacerbate delays and impose unnecessary costs on traders, decrease efficiency of controls at border crossings, and strain resources at border posts.”<sup>9</sup> Efforts to mainstream trade facilitation seek to reduce the number of agencies, documents, and steps in a general risk management approach. One strategy is to identify MSMEs as ‘low risk’ by virtue of their small trade footprint and lower their cost of compliance, in particular by reducing the fees to which they are subject. Mainstreaming trade facilitation may thus entail **reduced fees for qualified MSMEs**. This would recognize that MSMEs have shallower financial and cashflow means than their large counterparts, and less margin for error. To support them in their search for international opportunities, granting certain MSMEs a special status would allow for some upstream clearance (based on documentation and other undertakings). And establishing a relationship with control agencies could justify reduced fees: known traders demand less work.

In the broader context of mainstreaming trade facilitation, risk management of trade is, if not a silver bullet, a key tool. Authorized Economic Operator (AEO)<sup>10</sup> programs are one instrument for risk management, and their simplification can be tailored to MSME capacity through **two-tier accreditation criteria**, allowing MSMEs to meet more basic criteria than larger counterparts. This would mean no major changes or investments for MSMEs, at least in early stages. Customs should provide consulting and education for MSMEs wishing to qualify for AEO status, assisting them in understanding how the system works and what it demands of business users, while Customs might learn from MSMEs about their experience and better appreciate whether the benefits offered to MSMEs align with the requirements they face. Figure 5 below highlights the typical requirements and benefits of an AEO system: in exchange for maintaining a transparent and compliant business, an AEO can expect to produce less documents, be subject to fewer inspections, have payments deferred and separated from actual clearance, secure lower guarantees, and even have clearance done at their own premises rather than at points of entry and exit.












While many countries have yet to adopt **Single Windows**, which entail significant start-up costs in reengineering and equipment, those with Single Windows extol their value. Making Single Windows accessible to MSMEs is an important feature of mainstreaming trade facilitation. This e-system makes interfacing with smaller businesses easier, provided appropriate support is given – Singapore and Thailand are held up as examples of success in making their single windows MSME-friendly, which they have done by specifically training MSMEs on how to use the system.

---

<sup>9</sup> OECD, “Trade Facilitation and the Global Economy,” 2018, page 10.

<sup>10</sup> See <https://doi.org/10.1787/9789264277571-en>, Compendium of AEO Programmes, WCO, 2020.

FIGURE 5. AEO PROGRAMS: ACCREDITATION CRITERIA AND BENEFITS TO MSMEs

CRITERIA	BENEFITS
 <p>Good compliance record</p>	 <p>Less documentation</p>
 <p>Proper internal controls</p>	 <p>Fewer inspections</p>
 <p>Financial insolvency and/or guarantees</p>	 <p>Deferred payments</p>
 <p>Secure chain</p>	 <p>Expedited release</p>
	 <p>Easier/reduced guarantees</p>
	 <p>Time-release customs declarations</p>
	 <p>Clearance at own premises</p>

Adapted from ITC 2015.

As previously discussed, evidence shows that MSMEs react more positively to “soft” trade facilitation measures, which includes reduced documentation and other data requirements, lower guarantees and other thresholds, streamlined declarations and procedures, etc. Such measures should therefore be given priority, by developing countries and LDCs in particular, in boosting trade facilitation for MSMEs.

Finally, to mainstream trade facilitation means to pursue it actively not only at home but with partner countries. Several TFA provisions will have their **benefits multiplied** by being implemented by both trade partners. Adopting shared approaches, methods, tools, and standards will undoubtedly increase these benefits. Although MSMEs may attach more importance to their own country’s systems initially, going international will mean an interest in both target markets as well as input suppliers – and encouraging trade facilitation across borders will amplify these benefits.

It is important to underscore the risks for those countries and regions which lag behind in trade facilitation efforts, as they have the most to lose. Locations where goods flow more smoothly, at less cost and with more predictability, will see not only their trade increase but also inward investment, as producers look to base their operations where inputs and intermediate goods can be easily brought in and exports of value-added intermediates or final products can seamlessly move on to their desired destination.

Indeed, the prevalence of trade facilitation discussions both at the WTO and in regional trade negotiations has resulted in cross-fertilization: the TFA consolidates many of the trade facilitation measures which countries and regional groupings have explored in recent years, while regional trade agreements developed from the 2000s onwards all include substantive trade facilitation aspects.

## **WHAT THE TFA DOES NOT DO**

This paper has reported on the remarkable benefits to be reaped from even partial implementation of the TFA. Although the Agreement was devised looking at existing trade participants – overridingly larger firms – MSMEs would greatly enjoy the rewards of clearer, impartial, and streamlined processes as mandated by the TFA. Trade has linkages to all sectors of the economy. It would be impossible for a single agreement to address them all, as outlined in Figure 6 (on the following page). Indeed, this in part explains the multitude of international agreements within the WTO, as well as the proliferation of bilateral and multilateral agreements. Though it was neither the intention nor the purpose of the TFA to address all issues critical to MSME development, this section briefly comments on these factors not covered by the Agreement.<sup>11</sup>

While provisions of the TFA argue for certain infrastructural improvements in particular at border crossing points, the internal transport and logistics needs of a country will remain outside its remit: to ensure their MSMEs access trade, countries will have to diagnose their needs and seek investment support in transport, logistics, and infrastructure. In parallel, countries will need to develop a suite of affordable services that nurture the growth of small businesses. This includes Business Development Services to help overcome capacity limitations of MSMEs, and access to finance, particularly trade finance, which is a formidable constraint to smaller firms. Finally, attitudes toward entrepreneurship may need to adjust. In many developing countries, the prevalence of microenterprises reflects a lack of other commercial opportunities, and the society may not appreciate that this is where the large, successful businesses originated. Recognizing a spirit of entrepreneurship as a steppingstone to financial success would improve the prospects of smaller enterprises to grow and flourish.

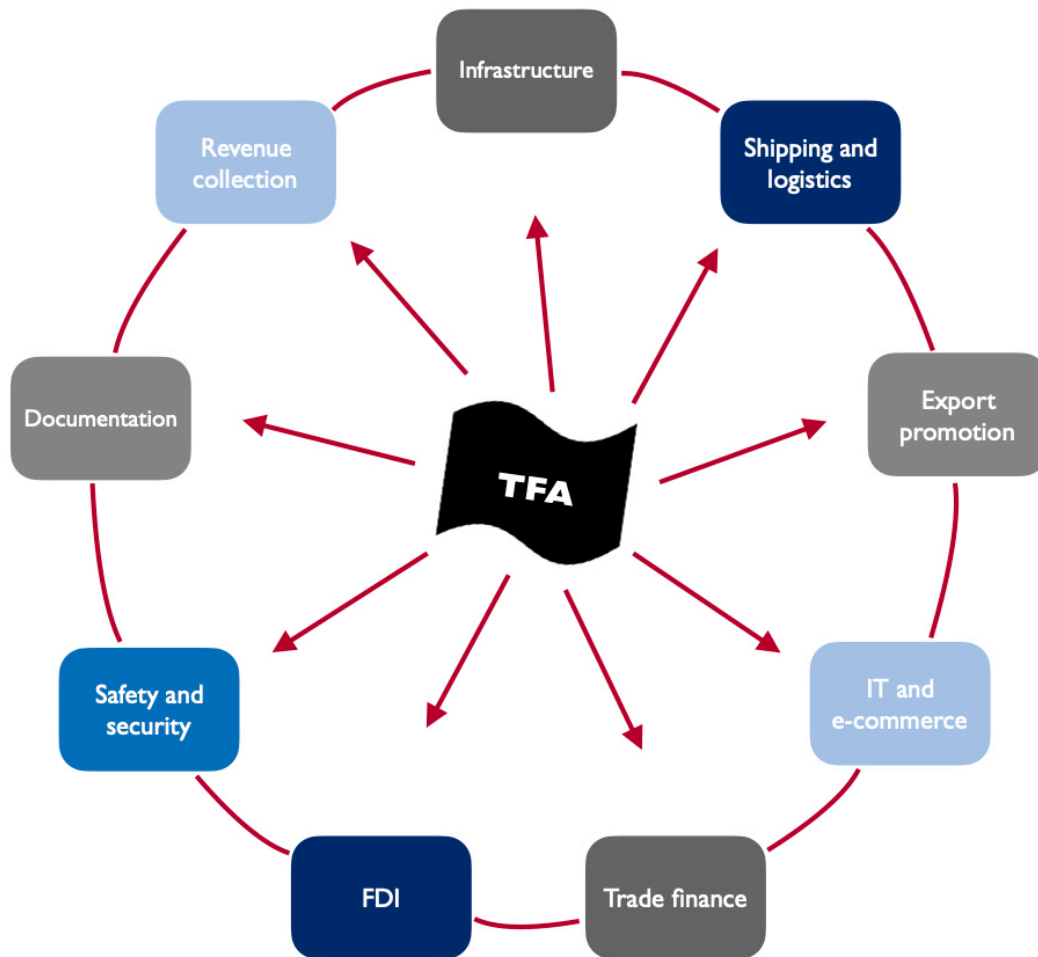
In noting these limitations to the scope of the TFA, its enormous benefits should not be diminished or misunderstood. Indeed, it has been suggested that the TFA will have a bigger impact on reducing trade costs than eliminating all remaining tariffs.<sup>12</sup> Perhaps more importantly, proper implementation will, as suggested in earlier sections, improve not only the experience of a select few, but of society as a whole. More openness and greater transparency are powerful engines of growth and development.

---

<sup>11</sup> The TFA concentrates on trade in goods. While several of the measures may indirectly benefit trade in services, the experience of MSMEs providing services lies outside the scope of this paper.

<sup>12</sup> 1,414 protectionist measures remain in force since October 2008, mostly by G20 countries (PIIE 2013).

FIGURE 6. THE TRADE UNIVERSE AND THE TFA





## THE TRADE FACILITATION AGREEMENT: A BRIEF OVERVIEW

WTO members concluded negotiations at the 2013 Bali Ministerial Conference on the landmark Trade Facilitation Agreement (TFA), which entered into force on February 22, 2017 following its ratification by two-thirds of the WTO membership. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area.

[https://www.wto.org/english/tratop\\_e/tradfa\\_e/tradfa\\_e.htm#III](https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm#III)

### WHAT IS TRADE FACILITATION?

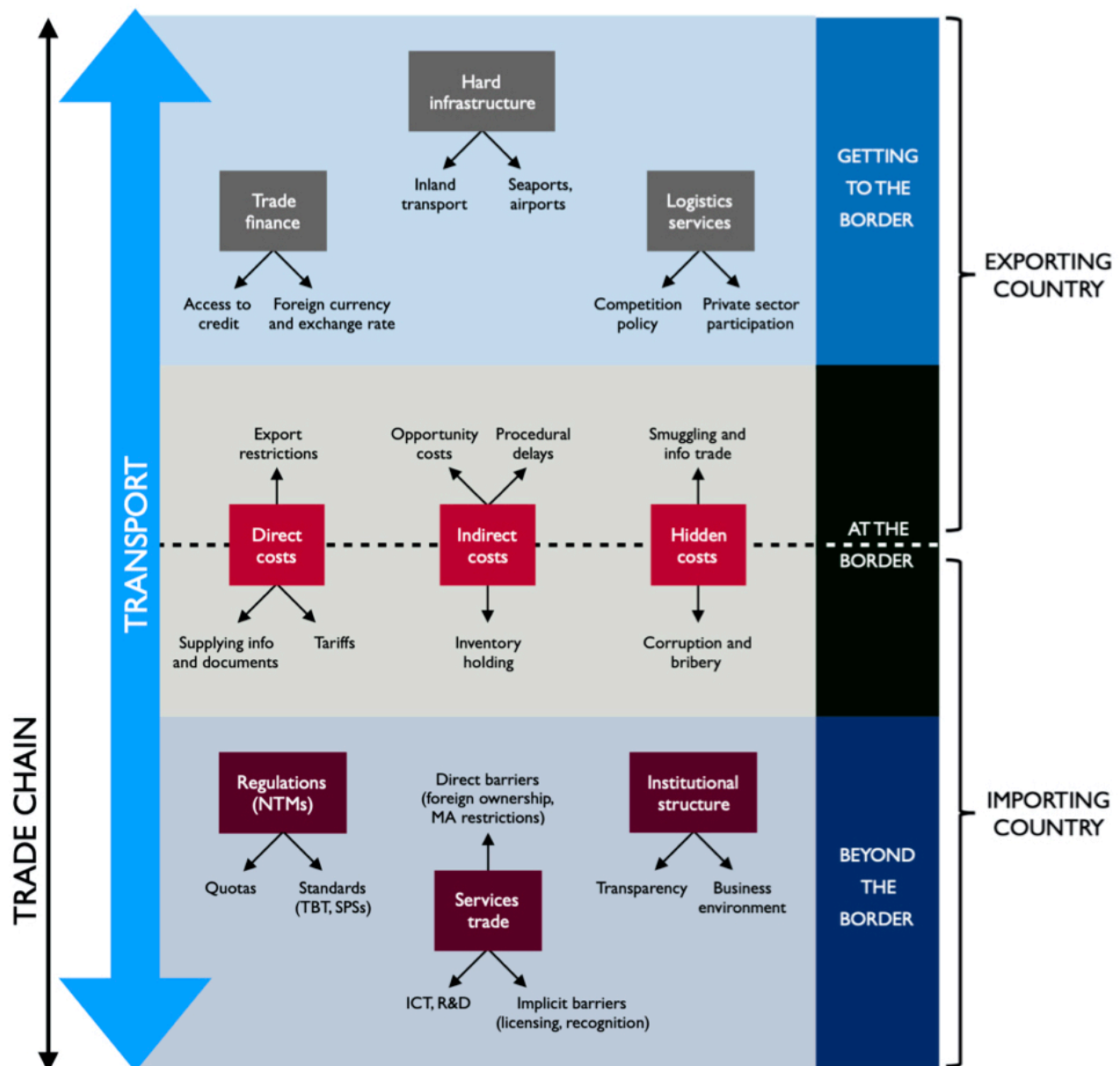
“Trade facilitation reforms improve a country’s trade competitiveness and enhance its revenue collection. What is more, they can help advance development goals such as strengthening governance and formalizing the informal sector. In addition, since many trade facilitation-related challenges and solutions are regional, the implementation of such solutions can boost regional integration.”

– United Nations Conference on Trade and Development (UNCTAD), Policy Brief no. 42, December 2015

Trade facilitation can cover many different aspects of promoting trade flows. Indeed, the term varies in interpretation from one user or institution to the next. This is in part because trade is pervasive: it is fed by and feeds into most if not all sectors of the economy. In today’s production scheme, broken up across countries and borders, trade is everywhere. Easing trade might therefore refer to any number of actions.

Much of the focus of trade negotiations from the 1970s was on reducing the highly visible barriers and consequent costs on trade: tariffs, quotas, and technical restrictions. As these were eroded, and as trade grew, a much more complex picture of trade costs emerged, as illustrated in Figure 7 below. The three phases of trade are shown, highlighting its multifaceted nature. In getting to the border, a prospective trader might encounter difficulties with getting credit or foreign exchange to finance the venture, a collusive logistics industry, or inefficient road and rail networks or ports. Once at the border – the focus of the TFA – exporters and importers might face direct, indirect, and hidden costs. These may include specific documents and tariffs (and possible export restrictions); delays causing inventory holding costs and possible losses, as well as possible lost opportunities; and corruption. On the other side of the border, there might still be regulations (non-tariff measures) limiting trade; a less than conducive business environment; and direct and indirect barriers in particular on services trade. While trade facilitation might involve any or all of these aspects, “trade facilitation” typically refers to the middle section of the diagram, that concerned with imports, exports, and transit *at the border*.

FIGURE 7. THE TRADE UNIVERSE AND THE TFA



Source: OECD 2018

Generally accepted trade restrictions include tariffs and other duties, quotas, national regulations, and exchange controls. While multilateral trade negotiations, especially within the WTO system, have focused on these, trade facilitation refers to the much narrower context of the actual transactional facet of trade: how can goods move across borders faster and at lower cost? For the WTO, trade facilitation is defined as

“the simplification and harmonization of international trade procedures, understood as the activities, practices and formalities involved in collecting,

presenting, communicating and processing data required for the movement of goods in international trade.”

Literature on trade facilitation refers to the price and efficiency effects of border crossings. Price effects are the increase in the final price of goods which results from direct costs such as tariffs and fees, and indirect costs incurred in onerous or delayed clearance, for instance. These costs inflate the price of traded goods over their market level and can therefore curtail demand (and trade). Efficiency effects are the consequence of the diversion of resources to dealing with the undue requirements of trading across borders. Because the process is cumbersome, it detracts from the core activities of production and trade, and indeed public resources allocated to managing trade. These efficiency costs may be less tangible, but they constitute genuine welfare losses to *producers and consumers and governments in importing, exporting, and transit countries*.

Authors employ an iceberg metaphor to help understand that the cost of transporting a product comes from the revenues anticipated for the product. As the product moves across successive points of friction, the iceberg melts— that is, the product’s value melts along its trade route, as would an iceberg in the sun. Unlike melting ice however, trade frictions do not produce anything: economists talk of deadweight loss, the difference between the price paid by consumers and the price received by producers resulting from inefficient procedures (the welfare losses to producers, consumers, and governments referred to above). These losses are detrimental to the economy and its population.<sup>13</sup>

With respect to delays in trade, observers have gone beyond this exploration of direct and indirect costs (which might be especially egregious for MSMEs, LDCs, and developing countries involved in agricultural trade) to look at the actual value of prompt and reliable delivery. Today’s world moves fast and trade in a range of goods – not least textiles and consumer electronics – is about getting products to consumers quickly. Trade facilitation, by making the actual movement of goods easier, smoother, and speedier, may increase the worth of the product to the customer, that is generate a willingness to pay extra for expedited delivery. Measurements of trade facilitation efforts therefore attempt to capture this additional benefit.

## **A SHORT HISTORY OF THE TFA**

An informal group of countries began working on the TFA at the WTO Ministerial Conference in Singapore in 1996. Formal negotiations commenced in 2004, and the final text was adopted at the Bali Ministerial Conference in 2013. By 2021, almost all WTO Members have ratified the Agreement.

The TFA is different from earlier WTO agreements and likely precedent-setting in some significant ways. One was its bottom-up development, with a subset of Members pushing technical work before formal legal negotiations. Another is the built-in mechanisms whereby LDCs and developing countries can design their own implementation periods, per three categories. *Provided they have properly notified as Category C*, provisions that require “the acquisition of assistance and support for capacity building” before the Member can implement them.

---

<sup>13</sup> The literature also refers to “sand in the wheels.”

## OVERVIEW OF THE TFA

The TFA is divided into two sections. Section I sets out the substantive obligations to facilitate customs and border procedures, while Section II provides special and differential treatment for developing countries and LDCs.

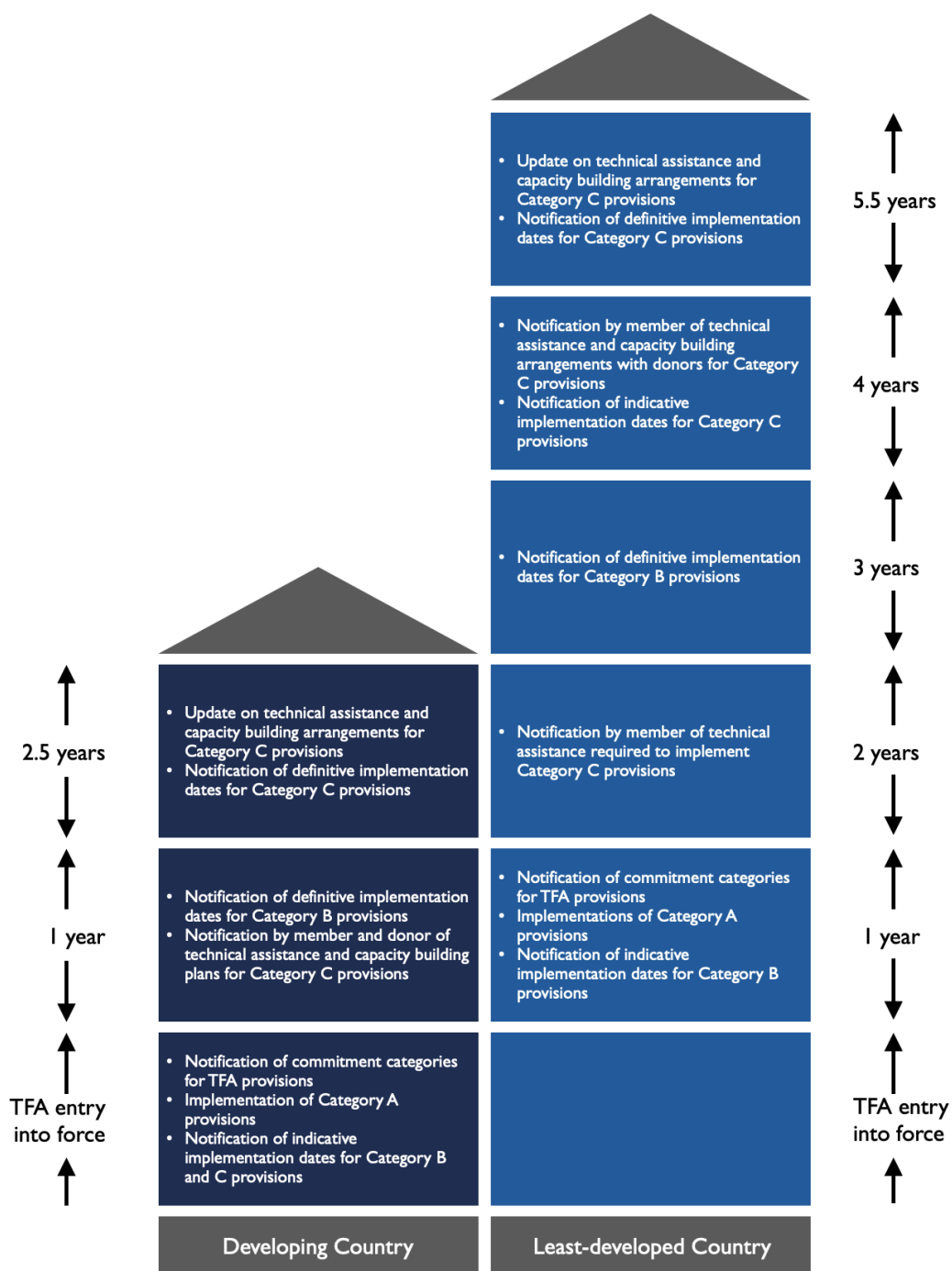
Section I is subdivided into 12 Articles of varying length and detail, as follows:

- Articles 1-5 deal with transparency issues,
- Articles 6-11 address fees and formalities for import, export and transit, and
- Article 12 looks at Customs cooperation.

The Enhanced Integrated Framework identifies high trade costs as a top-8 challenge for MSMEs

Section II provides that developing countries and LDCs can implement the TFA gradually, on their own schedule and can request assistance and support in doing so. Category A provisions are intended to be implemented upon entry into force of the Agreement, and Category B benefits from a transitional period as notified to the WTO's membership. Category C provisions – *if they are properly notified* – would come into effect after the Member has requested, agreed, and received support, as shown in Figure 8 below.

FIGURE 8. CATEGORIES AND TIMELINES



Source: WTO (2015)

## **GLOSSARY**

### **Authorized (Economic) Operator**

A party involved in the international movement of goods, who has been approved by or on behalf of a national Customs administration as complying with specified supply chain security standards. (WCO definition)

### **Business Development Services**

The set of advice, information and skills needed to support a growing business through its establishment: accounting, financial, legal, managerial, marketing, etc.

### **Category A, B, C (of the TFA)**

Measures listed under Category A will be implemented when the TFA comes into force; Category B after a transitional period; and Category C after some conditional assistance and capacity building available through a range of donors.

### **Enquiry point**

An enquiry point can be defined as an official or an office designated to deal with queries from the public (and other WTO Members) on trade.

### **Global value chain**

The people and activities involved in the production of a good or service and its supply, distribution, and post-sales activities, when activities are coordinated across countries.

### **Post-clearance audit**

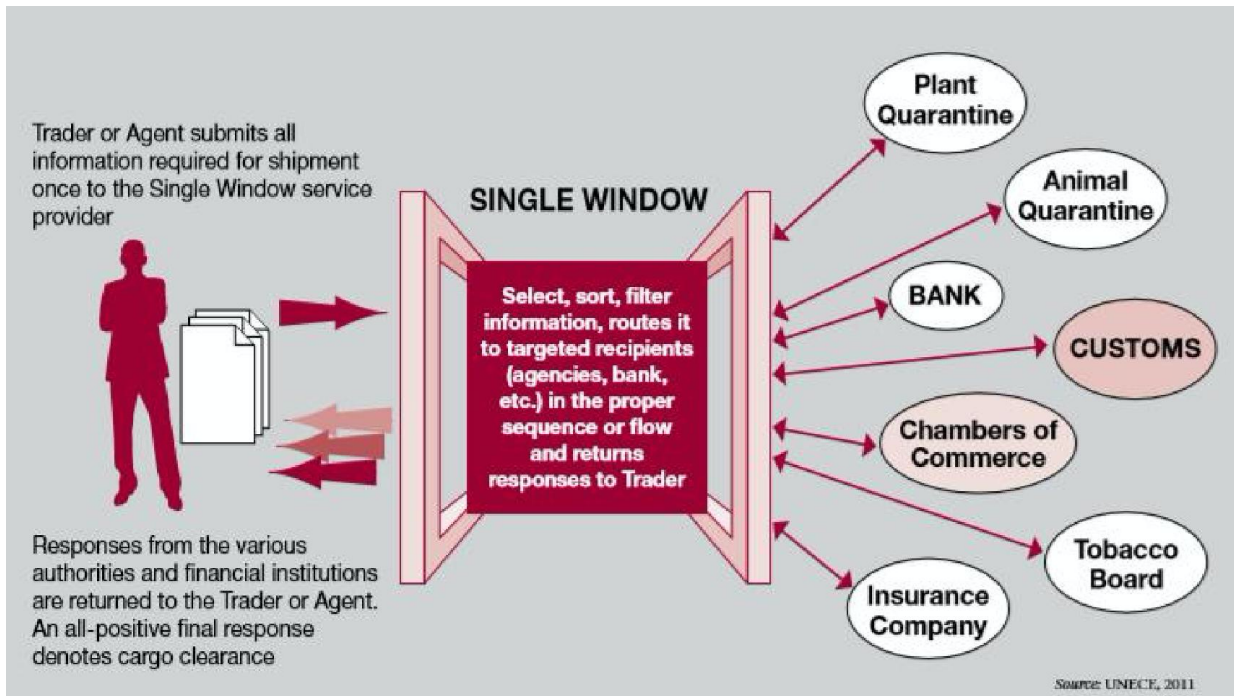
Measures by which Customs satisfy themselves as to the accuracy and authenticity of declarations through the examination of the relevant books, records, business systems and commercial data held by persons concerned. (Revised Kyoto Convention)

### **Risk management**

A systematic approach to recognizing and confronting threats in order to develop and apply appropriate types and levels of preventive and control procedures.

## Single Window

An intelligent facility that allows parties involved in trade and transport to lodge standardized information and documents with a single-entry point to fulfill all import, export, and transit-related regulatory requirements. (WCO)



## Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity through 17 Sustainable Development Goals (SDGs).





<https://sustainabledevelopment.un.org/?menu=1300>

## Trade Facilitation

The simplification and harmonization of international trade procedures, understood as the activities, practices, and formalities involved in collecting, presenting, and processing data required for the movement of goods in international trade (WTO definition).

## Trade Facilitation Indicators

Eleven TFI were developed by the OECD in 2012 to support governments in their efforts to improve their border procedures, reduce trade costs and reap greater benefits from international trade. They cover the full spectrum of administrative procedures at the border for 163 countries. TFI are available for 2012, 2015 and 2017, and range from 0 to 2 (best performance).

## BIBLIOGRAPHY

“Agreement on Trade Facilitation, Annex to the Protocol Amending the Marrakesh Agreement Establishing the World Trade Organization, WT/L/940.” WTO. 28 November 2014.

Ardic, Oya Pinar, Nataliya Mylenko, and Valentina Saltane (2011). “Small and Medium Enterprises: A Cross-Country Analysis with a New Data Set.” World Bank Policy Research Working Paper 5538.

ARTNet. “Leveraging Trade and Investment for Sustainable Development.” UNESCAP. <https://artnet.unescap.org/about>.

Arvis, J.F., Y. Duval, B. Shepherd and C. Utotham (2013). “Trade Costs in the Developing World: 1995-2010.” World Bank Policy Research Working Paper 6309.

Bayona, Pamela and Yann Duval (2016). “Making the WTO Trade Facilitation Agreement Work for SMEs: Mainstreaming Trade Facilitation in SME Development Strategies.” UNESCA.

Beverelli, C., S. Neumueller and R. The (2015). “Export Diversification Effects of the WTO Facilitation Agreement.” FIW Working Paper No. 137.

Bonthonneau, Pierre (2019). “Trade Facilitation Measures for Enhanced MSME Participation in Trade.” ITC.

Cimino-Isaacs, Cathleen (2015). “Revisiting the Sizable Gains from the Trade Facilitation Agreement.” <https://www.piie.com/blogs/trade-investment-policy-watch/revisiting-sizable-gains-trade-facilitation-agreement>.

Findlay, Robert (2015). *ASEAN and Regional Free Trade Agreements*. Routledge.

Fontagné, L., G. Orefice and R. Piermartini (2016). “Making (Small) Firms Happy: The Heterogeneous Effect of Trade Facilitation Measures.” CEPII Working Paper No. 2016-08. <https://hal.archives-ouvertes.fr/hal-01476546>.

Friends of MSMEs (2017). How to Support MSMEs: Sharing of National, Regional and Multilateral Experiences. Workshop Agenda. [https://www.wto.org/english/forums\\_e/business\\_e/mismes102017\\_e.htm](https://www.wto.org/english/forums_e/business_e/mismes102017_e.htm).

Gain, William (2019). “Tracking the Performance of Trade Facilitation Reforms: What Difference Does a Day Make?” World Bank. <http://blogs.worldbank.org/trade/tracking-performance-trade-facilitation-reforms-what-difference-does-day-make>.

Goh, Mark (2015). “Paperless Trade Facilitation for SMEs.” UNNExT Workshop. UNESCAP. <https://www.unescap.org/search/node/paperless%20trade%20facilitation%20for%20sme>.

Gonzalez, Arancha (2013). “Boosting SME Competitiveness Through Trade Facilitation.” Bridges Africa Review, Vol 2, No. 8. ICTSD. <http://www.ictsd.org/bridges-news/bridges-africa/news/boosting-sme-competitiveness-through-trade-facilitation>.

Hoekman, Bernard and Ben Shepherd (2013). “Who Profits from Trade-facilitation Initiatives?” VoxEU. <http://bit.ly/19yOofo>.

Hoffman, Jan (2015). “Reaping the Benefits from Trade Facilitation.” Policy Brief 42. UNCTAD.

Hufbauer, Gary and Jeffrey Schott (2013). “Payoff from the World Trade Agenda 2013.” Peterson Institute for International Economics.

ITC (2019). “Big Money for Small Business.” *SME Competitiveness Outlook 2019*. <https://www.greengrowthknowledge.org/resource/sme-competitiveness-outlook-2019>.

ITC (2017). “The Region: A Door to Global Trade.” *SME Competitiveness Outlook 2017*.

ITC (2016). “SMEs and the WTO Trade Facilitation Agreement: A Training Manual.” Technical Paper.

ITC (2013). “Consumers, SMEs Stand to Gain from Bali Deal on Trade Facilitation.” <http://www.intracen.org/news/consumers-smes-stand-to-gain-from-bali-deal-on-trade-facilitation/>.

Joosep Alvarenga, Krista (2018). “WTO Trade Policy Reviews of Major Economies: Implications and Lessons for Smaller Developing Countries and LDCs.” CUTS International.

Joosep, Krista (2014). “Trade Facilitation as a Means to Improve SME Competitiveness and Consumer Welfare in Developing and Least-Developed Countries.” CUTS International. <http://www.cutsgeneva.org/pdf/BP-2014-1-Trade%20Facilitation%20SMEs%20and%20Consumers.pdf>.

Lopez-Gonzalez, Javier and Silvia Sorescu (2019). “Helping SMEs Internationalise Through Trade Facilitation.” Trade and Agriculture Directorate Trade Committee, OECD.

Ministerio de Produccion, Comercio Exterior, Inversiones, y Pesca. “Gobierno Ecuatoriano Crea el Comité Nacional de Facilitación del Comercio.” <https://www.youtube.com/embed/BKtCxtNA15M?>

Moïsé, Evdokia (2012). “The Costs and Challenges of Trade Facilitation Measures.” OECD. <http://bit.ly/1b7F7WL>.

Neufeld, N. (2016). “Implementing the Trade Facilitation Agreement: From Vision to Reality.” WTO Working Paper ERSD-2016-14.

Nilses, Marit (2015). “Day 2 SME Presentations (English).” UNESCAP. <https://www.unescap.org/resources/day-2-sme-presentations-english>.

Neufeld, N. (2014). “Trade Facilitation Provisions in Regional Trade Agreements.” WTO Working Paper ERSD-2014-01.

OECD (2018). “Implementation of the WTO Trade Facilitation Agreement – Potential Impact on Trade Costs.” [http://www.oecd.org/tad/tradedev/WTO-TFImplementation-Policy-Brief\\_EN\\_2015\\_06.pdf](http://www.oecd.org/tad/tradedev/WTO-TFImplementation-Policy-Brief_EN_2015_06.pdf).

OECD (2018). “Trade Facilitation and the Global Economy.” <https://doi.org/10.1787/9789264277571-en>.

OECD, WTO (2017). “Aid for Trade at a Glance 2017: Promoting Trade, Inclusiveness and Connectivity for Sustainable Development.” [http://dx.doi.org/10.1787/aid\\_glance-2017-en](http://dx.doi.org/10.1787/aid_glance-2017-en).

OECD, WTO, UNCTAD (2013). “Implications of Global Value Chains for Trade, Investment, Development and Jobs.”

OSCE (2012). *Handbook of Best Practices at Border Crossings – A Trade and Transport Facilitation Perspective*.

Pasadilla, Gloria and Andre Wirjo (2018). “Globalization, Inclusion and e-Commerce: Agenda for SMEs.” UNESCAP/ARTNeT, Policy Brief no. 53.

Shepherd, Ben (2009). “Speed Money: Time, Corruption and Trade.” Munich Personal RePEc Archive Paper No. 17337.

Teh, Robert (2016). “Fostering Economic Development by Implementing the WTO Trade Facilitation Agreement.” 24th OSCE Economic and Environmental Forum.

Trade Facilitation Agreement Database. “Implementation Progress by Member.” World Trade Organization. <https://tfadatabase.org/implementation/progress-by-member>.

Trade Facilitation Agreement Facility. “Article Resources.” World Trade Organization. <https://www.tfafacility.org/article-resources>.

“Trade Facilitation Indicators.” Compare Your Country. <https://www.compareyourcountry.org/trade-facilitation>.

UNCTAD. “Trade Facilitation.” UNCTAD. <https://unctad.org/topic/transport-and-trade-logistics/trade-facilitation>.

UNECE. “Trade.” UNECE. <https://unece.org/trade>.

UNESCAP (2019). “Digital and Sustainable Trade Facilitation.” Global Report 2019. <https://www.unescap.org/resources/digital-and-sustainable-trade-facilitation-global-report-2019>.

USAID (2018). *Customs Modernization Handbook: How Authorized Economic Operators Have Evolved: Latest Developments*. Berkhuizen, Pim and Henk van Zandwijk for Nathan Associates.

USAID (2005). *Customs Modernization Handbook: Establishing and Implementing a Customs Integrity Program*. Holler, Robert for Booz Allen Hamilton.

USAID (2005). *Customs Modernization Handbook: Establishing and Implementing a Customs Program Management Process*. Mitchell, Robert for Booz Allen Hamilton.

USAID (2005). *Customs Reform and Trade Facilitation: An Entree to the Global Marketplace*. Lane, Michael for Booz Allen Hamilton.

USAID (2004). *Customs Modernization Handbook: Establishing Risk Management/Cargo Selectivity Capability*. Holler, Robert for Booz Allen Hamilton.

USAID (2004). *International Trade: Improving the Duty Collection/Payment Process*. Mitchell, Robert and Peter Baish for Booz Allen Hamilton.

Villanueva, S., R. Holler and Dr. C. Narrod (2019). *Assessing the Benefits of the Trade Facilitation Agreement for Agricultural Trade*. Nathan Associates for USAID.

WTO. “Benefits of the TFA.” WTO. [https://www.wto.org/english/tratop\\_e/tradfa\\_e/tradfa\\_e.htm#III](https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm#III).

WTO (2018). *Mainstreaming Trade to Attain the Sustainable Development Goals*.  
[https://www.wto.org/english/res\\_e/publications\\_e/sdg\\_e.htm](https://www.wto.org/english/res_e/publications_e/sdg_e.htm).

WTO (2017). *TFA Factsheet*.

WTO (2016). “Levelling the Trading Field for SMEs.” *World Trade Report 2016*.

WTO. “Members’ Implementation-related Reports and Studies.”  
[https://www.wto.org/english/tratop\\_e/tradfa\\_e/casestudies\\_reports\\_e.htm](https://www.wto.org/english/tratop_e/tradfa_e/casestudies_reports_e.htm).

WTO (2016). “National Committees on Trade Facilitation: Current Practices and Challenges.” *Trade Facilitation: Experience Sharing Series*.

WTO (2015). “Speeding up Trade: Benefits and Challenges of Implementing the WTO Trade Facilitation Agreement.” *World Trade Report 2015*.

WTO (2015). “Trade Facilitation Agreement: Easing the Flow of Goods Across Borders.”

WTO (2014). “The Relationship between the Trade Facilitation Agreement and the Agreement on the Application of Sanitary and Phytosanitary Measures.” Background Note.