

The WTO Trade Facilitation Agreement

Background

After nearly 10 years of talks, WTO Members concluded negotiations on the WTO Trade Facilitation Agreement (TFA) at the Ninth Ministerial Conference held in Bali, Indonesia in December 2013. The objective of this Agreement is to boost global trade by expediting the movement, release and clearance of goods.

Why is the TFA good for my country?

By many estimates, the cost of conducting international trade remains quite sizeable. Implementing the TFA has a huge potential to reduce trade costs thereby boosting trade between countries and raising world income. The TFA should provide a much needed boost to the global economy at a time when growth has been particularly sluggish.

Developing countries are expected to see the biggest gains since they currently face some of the largest procedural obstacles. Some studies suggest that their trade cost will fall by 13.2% to 15.5%. For households, lower trade costs mean expanded consumption opportunities and access to a greater variety of goods. For companies,

it means inputs at lower cost and better entry to foreign markets. Developing country exports are thus expected to grow by between 13.8% and 22.3% while at the same time becoming more diversified. Companies are likely to become more profitable which should encourage domestic investment. In addition, foreign direct investment is likely to be attracted to countries that fully implement the TFA. Finally, increased trade means better employment prospects for workers and greater revenue collection by the government.

Entry into Force

The Trade Facilitation Agreement will enter into force once two-thirds of Members have domestically ratified a Protocol of Amendment and notified the WTO of their acceptance of this Protocol. This Protocol of Amendment, which was officially opened for acceptance on November 27, 2014, will insert the Agreement on Trade Facilitation into the WTO Agreement. (See text of Protocol – attached.)

The Trade Facilitation Agreement¹

Section I: The trade facilitation Agreement contains approximately 40 "technical measures"

These are the new border-related procedures, processes and other obligations that governments will be required to implement. They will provide transparency of laws, rules and procedures, fairness in border agency decisions, streamlined clearance procedures, and help reduce administrative constraints on transit.

Article

- 1 Publication & Availability of Information**
- 2 Comment and Consultations**
- 3 Advance Rulings**
- 4 Procedures for Appeal or Review**
- 5 Measures to Enhance Impartiality, Non-Discrimination & Transparency**
- 6 Disciplines on Fees and Charges**
- 7 Release and Clearance of Goods**
- 8 Border Agency Cooperation**
- 9 Movement under Customs Control**
- 10 Import, Export & Transit Formalities**
- 11 Freedom of transit**
- 12 Customs Cooperation**

Although many provisions apply only to the customs administration, the majority of provisions apply to all border agencies that deal with trade in goods. None of the measures are new- all are being used with success in various countries around the world. They not only benefit trade but can also lead to more effective, efficient and modern government practice.

Section II: Special provisions for developing and least developed countries

There are special provisions that allow developing and least developed countries to implement the Agreement at their own pace. Each country will determine when it will implement each of the technical provisions, and, it can identify provisions that it will only be able to implement upon the receipt of technical assistance and support for capacity building.

¹ Protocol of Amendment and Trade Facilitation Agreement can be found at WTO document symbol (WT/L/940).

Category A, B, C Notifications

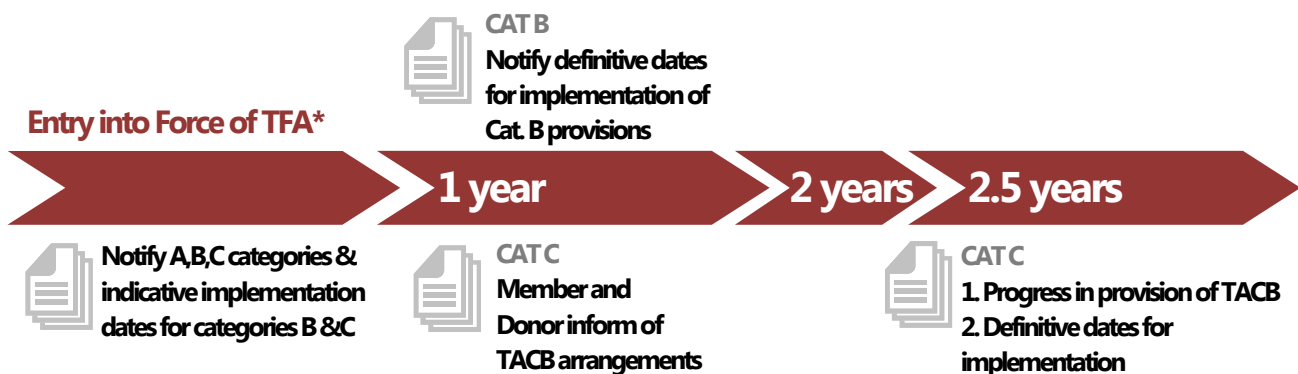
To benefit from SDT, a Member must notify the other WTO Members of when it will implement each trade facilitation measure using the categories below. The Agreement sets out timelines for these notifications.

Category A provisions that the member will implement by the time the Agreement enters into force (or in the case of a least-developed country member within one year after entry into force).

Category B provisions that the member will implement after a transitional period following the entry into force of the Agreement.

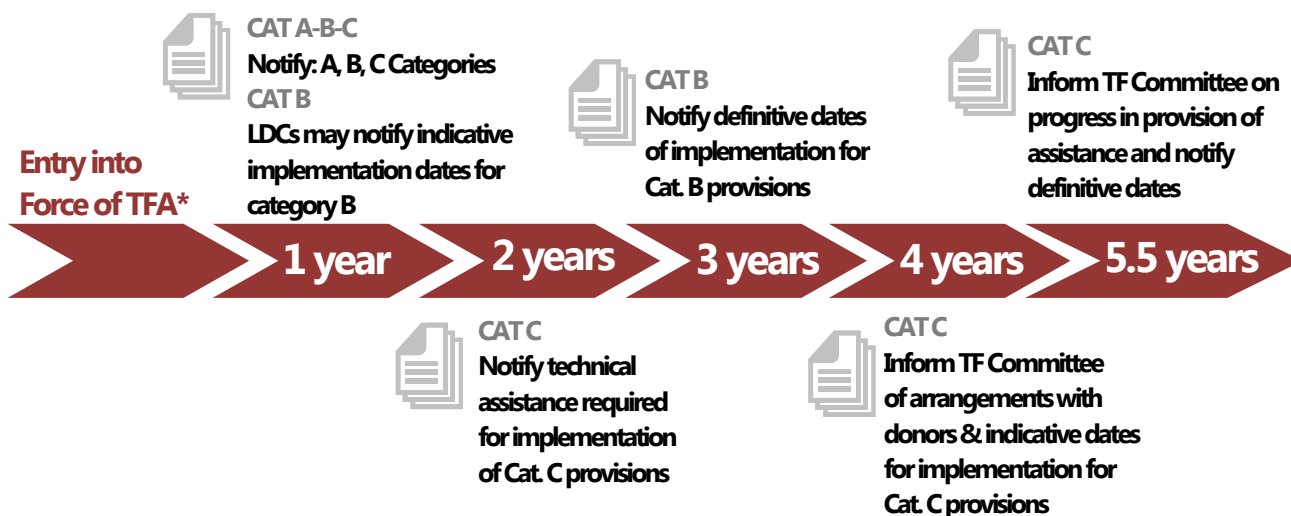
Category C provisions that the member will implement on a date after a transitional period following the entry into force of the Agreement and requiring the acquisition of assistance and support for capacity building.

Figure 1: Developing Countries Notification for all categories of provisions



* Entry into force of TFA when 2/3 of Members ratify. Obligations for an individual country will only commence once this country completed its ratification process as well.

Figure 2: LDCs Notification for all categories of provisions



* Entry into force of TFA when 2/3 of Members ratify. Obligations for an individual country will only commence once this country completed its ratification process as well.

Section III: Committees

This section establishes a permanent committee on trade facilitation at the WTO. It requires Members to have a national committee to facilitate domestic coordination and national implementation of the Agreement. It also contains provisions related to the overall implementation of the Agreement.

WTO Trade Facilitation Agreement Facility (TFAF) – Assistance for Developing and LDC Countries

Extensive trade facilitation related assistance is already being provided by regional and multilateral agencies, bilateral donors and other stakeholders through a broad range of different programs. However, to insure that all WTO Members will receive the support they need the WTO has created a new WTO Trade Facilitation Facility.

Under the Facility the WTO Secretariat will expand its existing technical assistance programs; provide information on other assistance programs, case studies and training materials; assist with matchmaking of donors and recipients; and will offer two types of grants for the situations where no other source of assistance is available. The grants are for project preparation and project implementation. Detailed information will soon be available through a new Facility website.



Annex

The Protocol extracted from WTO Document **WT/L/940**

PROTOCOL AMENDING THE MARRAKESH AGREEMENT ESTABLISHING THE WORLD TRADE ORGANIZATION

Members of the World Trade Organization;

Referring to the Agreement on Trade Facilitation;

Having regard to the Decision of the General Council in document WT/L/940, adopted pursuant to paragraph 1 of Article X of the Marrakesh Agreement Establishing the World Trade Organization ("the WTO Agreement");

Hereby agree as follows:

1. Annex 1A to the WTO Agreement shall, upon entry into force of this Protocol pursuant to paragraph 4, be amended by the insertion of the Agreement on Trade Facilitation, as set out in the Annex to this Protocol, to be placed after the Agreement on Safeguards.
2. Reservations may not be entered in respect of any of the provisions of this Protocol without the consent of the other Members.
3. This Protocol is hereby open for acceptance by Members.
4. This Protocol shall enter into force in accordance with paragraph 3 of Article X of the WTO Agreement.²
5. This Protocol shall be deposited with the Director-General of the World Trade Organization who shall promptly furnish to each Member a certified copy thereof and a notification of each acceptance thereof pursuant to paragraph 3.
6. This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

Done at Geneva this twenty-seventh day of November two thousand and fourteen, in a single copy in the English, French and Spanish languages, each text being authentic.

² For the purposes of calculation of acceptances under Article X.3 of the WTO Agreement, an instrument of acceptance by the European Union for itself and in respect of its Member States shall be counted as acceptance by a number of Members equal to the number of Member States of the European Union which are Members to the WTO.