Five years of the Trade Facilitation Agreement – a view from the pharmaceutical industry

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The primary goal of trade facilitation is to help make trade across borders (imports, exports, incl. transit) faster, and cheaper and more predictable, whilst ensuring its safety and security.

Tariffs come with customs checks – the costs from red tape and time lost are higher than the tariff costs imposed. For pharma: WTO 0-4-0 agreement – but not updated since 2010.

And let’s keep it in mind that countries do not export or import: companies do (80% of world trade is intermediate trade of which the bulk is intra-company trade). On COVID-19:

• Pfizer/BioNTech COVID-19 vaccine: 280 components from 87 factories in 19 countries;
• Monoclonal antibody treatments against COVID-19 have sometimes up to 550 ingredients from all over the world.

• TF facilitates cross-border trade, without compromising on safety and security;
• TF increases the size of the market by decreasing barriers and market fragmentation;
• TF increases flexibility and resilience in case of (pandemic) emergencies.
Let’s look at COVID-19... Five steps to advance vaccine equity

• Who saw the COVID-19 crisis come in Nov 2019 or the war in Ukraine in Feb 2022? – These events disrupt(ed) global supply chains, so TFA measures are key to help.

• About crises: good or bad crisis? A crisis is always bad – but:
  • Level of preparation and starting position matter (which need to be created in advance!);
  • Learning from crisis and applying lessons learnt key to future preparedness.

On COVID-19, the IFPMA ‘Five steps to urgently advance vaccine equity’ were industry’s guiding principles – let’s focus on the real issues:
• Step up dose sharing of vaccines
• Continue to optimise production
• Call out trade barriers to be eliminated
• Supply country readiness
• Drive further innovation

Urge governments, in coordination with the World Trade Organization (WTO), to eliminate all trade and regulatory barriers to export and to adopt policies that facilitate and expedite the cross-border supply of key raw materials, essential manufacturing materials, vaccines along with the prioritized movement of skilled workforce needed for COVID-19 vaccine manufacturing.
Example: COVID-19 and digitalization of customs

WCO (2020): The COVID-19 pandemic has shown the importance of ... the WTO Trade Facilitation Agreement (TFA), including major concepts supported by these instruments: an all-digital clearance process, and efficient risk management.

- April 2020: during the first lockdowns, shipments of medicines from the EU to Africa were halted by customs because necessary customs papers were not in order due to closed embassies.
- COVID-19 has sped up the digitalisation of customs procedures around the world.
- For industry, the advantages of digital customs are many: back-traceability is ensured; reduction physical archives; simplification of audits; cost efficiency; reduction of paper loss during transport; increased flexibility; easier harmonisation of data for export authorisations; more opportunities to simplify customs procedures; barrierless border crossing via risk assessment procedures.
- Information that some customs organisations want to return to paper-based procedures are a step back and concerning.
- Industry is keen to collaborate with authorities to continue to advance digitalisation in customs (e.g. DaziT project).
Let’s look at COVID-19 and lessons learnt

**IFPMA** and **EFPIA** lessons learnt from COVID-19:

- IP has not been a bottleneck but a driver to get COVID-19 vaccines approved and partnerships accelerated R&D and manufacturing. IP is key for future pandemic preparedness.
- Shortages of raw materials and intermediate products, made worse by trade restrictions and competition for and among vendors, resulted in inefficient allocation of available supply.
- Regulatory agility and convergence guard safety and speed of access.
- **Vaccine nationalism imperils everyone** (export restrictions and vaccine hoarding have intensified and likely prolonged the COVID-19 pandemic).
- Lack of access and vaccine equity did not come from IP or lack of production, but from export restrictions, limited absorptive capacities of healthcare systems, and vaccine hesitancy.

- Industry actively engages with the EU and stakeholders to build manufacturing capacities in Africa: trade, IP, regulatory, skills, and customs, are key for a sustainable business case.
- **Demand is key** – and therefore the size of the market (= less fragmentation).
- **Key: gap** between formal frameworks and implementation in practice (largest for LICs).
Way forward

• Industry a **strong supporter of the Trade Facilitation Agreement** because TFA matters for exports (and imports) and welcomes progress made over the past 5 years.
• Industry also hopes the next 5 years will see **further steps beyond monitoring and transparency** into:
  • Building best practices at technical levels regarding commitments to building best practices in National TF committees and regarding – for example – conformity assessments
  • Furthering digitalisation of customs to facilitate trade crossing borders (pre-shipment inspections)
  • Sharing of customs data to enhance risk-based approaches to customs, facilitate pathogen sharing.
• In this regard, industry, while congratulating the TFA and all progress made, hopes this is the first step towards **more ambitious Trade and Health commitments in line with the Ottawa Group proposal (tariffs, export restrictions, regulatory collaboration, TFA) and WTO own research work** as this is a **real way to support future pandemic preparedness** (unlike TRIPS waiver compromise).
• Industry also asks to **update the WTO zero-for-zero agreement** (last updated in 2010).
• Business is **keen to participate, engage and provide inputs from the ground as part of a government-industry platform** to make real progress to facilitate trade and enhance future pandemic preparedness.
Thank you

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5 years of TFA
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