



WORLD CUSTOMS ORGANIZATION

WCO Orientation Package for Decision-Makers

Annex II

WTO Agreement on Trade Facilitation

At the World Trade Organization's (WTO) 9th Ministerial Conference held in Bali, Indonesia, from 3 to 7 December 2013, Trade Ministers approved the "Bali Package". Most significantly in the package is the Agreement on Trade Facilitation (ATF). The WTO ATF provides the high-level principles with respect to trade facilitation measures, such as predictability, transparency, partnership and the use of modern techniques, including risk management. The WCO instruments, tools and guidelines complement the ATF by providing more detailed guidance on how to implement the principles at a practical level.

The WCO, as one of the Annex D organizations¹, has long contributed to the negotiation of the ATF. Customs is responsible for ensuring compliance with Government agreements, policies and laws that relate to international multilateral trading rules. Customs is a central part of the globalization process and a catalyst for the competitiveness of countries and companies.

"Customs is a central part of the globalization process"

Articles 13.1 and 13.2 of the ATF provide that the WTO Trade Facilitation Committee will maintain close contact with the WCO to secure the best available advice for the implementation and administration of the ATF. The ATF requires each Member to establish and/or maintain a National Committee on Trade Facilitation; or designate an existing mechanism to facilitate both domestic coordination and implementation of ATF provisions. The WCO and Customs are well placed and well qualified to successfully implement these ATF provisions through experience in direct engagement, agility and cooperation across the global Customs network, other border management agencies and the private sector. The WCO provides a comprehensive committee structure which brings together quality Customs experts to develop standards and guidance, and to exchange best practices on implementation of trade facilitation measures.

Section II of the ATF deals with Special and Differential Treatment and provides a range of flexibilities for implementation by developing and LDC Members, whilst ensuring the necessary support in terms of technical assistance and capacity building. The WCO has a

¹ On 1 August 2004, the WTO General Council adopted a Decision on the Doha Agenda work programme. Annex D to that Decision relates to the Modalities for negotiations on trade facilitation. Those Modalities recognize the importance of technical assistance and capacity building support for developing and least-developed countries to enable them to fully participate in and benefit from the negotiations. In order to make technical assistance and capacity building more effective and operational and to ensure better coherence, certain relevant international organizations – including the IMF, OECD, UNCTAD, World Bank and the WCO - have been invited to undertake a collaborative effort in this regard. The international organizations concerned are referred to as the "Annex D Organizations".

comprehensive Technical Assistance and Capacity Building portfolio that offers tailor-made strategic, operational and technical support in response to developing country and LDC Members requirements.

The ATF is a positive and important opportunity for Customs to continue focussing efforts on implementing trade facilitation initiatives, co-operation and support between Customs administrations. One of the main drivers behind the ATF was to boost economic growth and development. As the Customs community, we are cognisant and committed to the concepts of increased transparency, simplifying border procedures, partnership approaches and identifying more efficient practices. Indeed, the WCO strategies, such as the Customs in the 21st Century paper, recognises Customs as an integral part of the global trade framework and an important catalyst of economic and trade policy.

WCO instruments and tools

The WCO, as the inter-governmental organization representing 179 Customs administrations, has started to develop responses that empower Customs administrations, collectively and individually, to respond to the challenges that they confront. This is accomplished by developing the international instruments and tools and supporting implementation through capacity building.

The WCO has also developed a range of other instruments and tools to enable its Members to be more responsive to the challenges of the 21st Century.

The relevance and impact of the WCO's instruments and tools have been recognized by other international organizations such as the World Trade Organization and the World Bank. The revised Kyoto Convention sets out a blueprint for modern Customs procedures and is totally compatible with, and complementary to, the WTO ATF. While the WTO rules set out high principles (such as predictability, transparency, partnership and the use of modern techniques including risk management), the WCO instruments provide the administrative basis and practical guidance to ensure their effective implementation.

“The revised Kyoto Convention ... is totally compatible with, and complementary to, the WTO ATF”

Engagement of Customs in the WTO negotiating process has ensured that the WTO ATF is consistent with WCO instruments, tools, guidelines and programmes on trade facilitation and compliance, which have been developed and implemented in the past years. These include the Revised Kyoto Convention for Simplification and Harmonization of Customs Procedures, the Data Model, the Time Release Study, etc. The suite of WCO instruments, tools and guidelines can be found in the four WCO strategic packages:

- (i) Economic Competitiveness Package;
- (ii) Organizational Development Package;
- (iii) Compliance and Enforcement Package; and
- (iv) Revenue Package.

The Economic Competitiveness Package (ECP) comprises existing WCO instruments and tools which contribute to economic growth and aims to assess any needs for additional tools. The principles laid down in the Revised Kyoto Convention (RKC) are recognized as forming the core of the ECP and as the basis of all modern Customs procedures; in addition, and to take account of subsequent developments, the ECP includes all other

WCO tools that strengthen trade facilitation. In this respect, the ECP provides practical implementation guidance in preparation for implementation of the WTO ATF.

More specifically and in addition to the ECP and the Revised Kyoto Convention, throughout 2013 the WCO supported the WTO Secretariat to revise the WTO ATF national needs assessment guidelines, which covers all aspects of the ATF, including those that are coordinated border management (CBM)- related.

The WCO is in the process of revising the CBM Compendium and this will be finalized in 2014 to help Members implement CBM in a national and international context. The revised compendium will cover both theory and practice (including examples of national implementation) as well as latest developments. It will also be available in an inter-active format on the WCO e-Learning CLiKC! website. Three of the five draft new chapters will be presented at the PTC (Permanent Technical Committee) in March 2014.

Together with updating the CBM Compendium, in 2011 the WCO updated the Time Release Study (TRS) guide. This tool supports Governments (and not only Customs) to identify and unpack all border management regulatory requirements. It now covers both cross-border as well as inter-agency cooperation. The value of the TRS is that it promotes an evidence-based approach and takes “protectionist postures” out of territorial issues that sometimes hamper CBM. The TRS guide advocates the establishment of a steering mechanism to drive the execution of the TRS and proposes that all regulatory agencies and the private sector actively participate in the measurement exercise. This ensures a common understanding of where bottlenecks are. It is a results-oriented tool that also contains performance indicators.

“...WCO tools strengthen trade facilitation”

At a more technical level, the current version of the WCO Data Model is specifically geared towards CBM. This tool sets out all the IT data requirements of government (Customs and other cross-border regulatory agencies) towards international trade (imports, exports, transit). It contains data elements, business process models and technical solutions for information exchange. The Data Model also paves the way for countries to introduce a “single electronic window” facility. The WCO is supporting a number of governments with national single window design and implementation. WCO experience is used to create the inter-departmental frameworks and conduct business process mapping, for example. Representatives from other regulatory agencies and international organizations have been involved and participated in Customs single window programmes, including ICAO, UPU and those responsible for agriculture and phyto-sanitary measures.

The WCO’s SAFE Framework of Standards was also supplemented with guidance on how agencies can cooperate in areas such as advance cargo information (also covered in the ATF) with detailed provisions on data requirements and time-lines. This was done together with ICAO, IATA, IMO, IRU and other relevant stakeholders and covers all modes of transport.

The WCO has also put in place mechanisms to promote international cooperation in facilitating exchange of information and intelligence and joint operations.

WCO support with reform and modernization: Technical Assistance & Capacity Building

The ATF provides, amongst others, for technical assistance and capacity building to support Member States with implementation. Mr. Roberto Azevêdo, the WTO Director General, recently stated that :

“Significantly the Agreement also ensures the provision of technical assistance to support developing economies and the least developing economies to implement these modernizing reforms, and therefore help them integrate better into global trade flows.”

The WCO, as the global centre of Customs expertise, strives to play a central role in supporting its Members with reform and modernization. The result is a more comprehensive, needs-driven and focused approach.

The WCO assistance portfolio involves mobilising Members with accredited experts, WCO regional entities, engagement with donor institutions, development partners and donor Member administrations to secure the corresponding financial resources and knowledge. Such assistance includes: diagnostic missions to identify the current situation and needs including categorization of ATF implementation needs (i.e. A, B and C status), identifying time frames and costs, help in developing or updating existing modernization/trade facilitation implementation plans, donor coordination, follow-up missions to provide assistance in specific areas, regional seminars/workshops, etc.

“the Agreement also ensures the provision of technical assistance”

The WCO Capacity Building strategy is also aimed at supporting WCO Members to develop or acquire the skills, competencies, tools, processes, and resources needed to improve the capacity of the administration to carry out its allotted functions and achieve its objectives. Making the commitment to embark on a comprehensive Customs reform and modernization program is not done in isolation from the global Customs community. Together with the political will and the partnership approaches within the country, the WCO is a conduit to years of capacity building experience and access to many experts in many Customs fields around the world.

In recognition of the fact that a holistic approach to Customs capacity building has to take all key strategic and political drivers into account and that thus, Customs capacity building is a key priority for Governments in their development agenda, the WCO is committed to assisting its Members with the implementation of international Customs standards and broad modernization. Equally importantly, the WCO today has at its disposal a sizable number of Customs experts from its Member administrations who have been accredited to deliver Capacity Building assistance. In all six WCO regions, Regional Offices on Capacity Building as well as Regional Training Centres, actively participate in Capacity Building delivery. Another area of emphasis is coordination with donors to match with Members’ needs and to achieve a consistent approach while avoiding duplication and overlap.

The World Customs Organization (WCO) **Mercator Programme** aims to increase global interconnectivity, expand trade volumes and enhance economic competitiveness by providing tailor-made assistance for implementing trade facilitation measures. The Mercator Programme also supports WCO Members’ preparation for implementing the World Trade Organization (WTO) Trade Facilitation Agreement (TFA).

The Mercator Programme is a capacity building model and service that provides a dual-track approach. Delivery of support can follow either a ‘tailor-made track’ or an ‘overall track’.

Diagram 1 below depicts the dual-tracks of the Mercator Programme. The ‘tailor-made’ track is underpinned by one or more needs assessment/analysis work and is most suited to national conditions and requirements of the Customs administration. The ‘overall track’ is designed to deal with broader interests, including support for regional and sub-regional plans, cross-border issues (e.g. information sharing) and the private sector, as applicable.

Diagram 1: Mercator Programme Delivery

