



Brussels, 5 October 2016.

THE WCO MERCATOR PROGRAMME

Update of the Analysis of Section I

(Item IV. (c) on the Agenda)

I. Background

1. Soon after the conclusion of the negotiations and the finalization of the WTO Agreement on Trade Facilitation (TFA), the WCO Secretariat developed an Analysis of Section I of the TFA in order to:
 - provide relevant information and guidance in terms of preparing Members for the implementation of the TFA provisions by using WCO instruments and tools;
 - ensure a harmonized approach by Customs administrations; and
 - present the basis for the TFA Implementation Guidance web tool, which was launched in May 2014.

The Analysis now complements the Implementation Guidance which is meant as a user-friendly tool, while the Analysis provides more detailed technical information.
2. Another important objective of the Analysis was to identify any relevant implications particularly in terms of whether there was a need to update existing or develop new WCO tools to fully support implementation of the TFA provisions.
3. The Analysis was discussed at the 1st Meeting of the Working Group on the TFA (TFAWG) under document PT0005. The discussions concluded that the Analysis was a very good starting point and that further development of the document needed to be done in collaboration with other WCO working bodies and also with the WTO Secretariat.
4. The next version of the Analysis (Rev.1) was discussed at the 2nd Meeting of the TFAWG in September 2014 TFAWG (document PT0013). Analysis Rev.1 was an update

to address the recommendations provided by the TFAWG and to reflect the latest developments and IT implications, links with other WTO agreements and more detailed information regarding how WCO instruments and tools directly support implementation of each of the provisions. It also included conclusions reached at various WCO working bodies which discussed TFA provisions relevant for their scope and mandate.

5. After the 2nd Meeting, the Analysis was further improved and uploaded as version Rev.2 on the WCO web site in November 2014.

II. Prioritizing update/development of instruments/tools/projects

6. Another important objective of the Analysis was to point out the areas requiring more guidance. Already the Analysis Rev.1 and Rev.2 had identified possible areas requiring further support. These actions, listed below, were shared at the 2nd Meeting of the TFAWG (document PT0013), some of which have in the meantime already been completed:

1. New tools currently under development, or recently developed:
 - Customs-Business Engagement/Partnership Guidance (completed)
 - Business Lens Checklist for SMEs (completed)
 - Consolidated Guidelines for Advance Rulings (completed)
 - Guidance on Customs Compliance Framework and Voluntary Disclosure (completed)
 - Diagnostic Tool for Post-Clearance Audit (completed)
 - Consolidated Guidelines for Advance Rulings (completed)
2. Existing tools currently under revision:
 - Compendium on Coordinated Border Management (completed)
 - Transit Handbook (completed)
3. Possible revision/update/fast-tracking of existing instruments/tools/projects:
 - Update WCO Recommendation on the use of World Wide Web to align with the TFA (discussion completed)
 - Update ICT Guidelines/SW Compendium to include more guidance on electronic payment (completed)
 - Update Immediate Release Guidelines to include criteria for persons who may apply for expedited release of goods
 - Update Guide to the Exchange of Customs Valuation Information to ensure full alignment with TFA
 - Revise certain instruments (mainly recommendations) and tools to fully align with the TFA
 - Provide more guidance in the RKC for some specific areas (for example, perishable goods, enquiry points in Customs Unions and Regional Economic Communities, periodic review and publishing of information on fees and charges, dealing with rejected goods etc)
 - Fast track relevant Utility Blocks/Proof-of-Concept projects under the Globally Networked Customs work (a GNC Handbook was developed)
 - Revise WCO Glossary of International Customs Terms to provide more clarity on how WCO terms relate to those mentioned under the TFA
 - Update Guidelines for Customs Laboratories to include more information on second test in accordance to Article 5.3 (completed)
4. Possible development of new tools/instruments/projects:
 - Develop Guidelines for transparency and predictability (completed)
 - Develop a list of enquiry points, including in Customs Unions and Regional Economic Communities
 - Launch a WCO project to address the notification of (valuation) legislation
 - Develop a list of links to Members' web sites where information published according to requirements in Article 1 is published

- Introduce a notification system for published information
- Develop guidance on advance rulings on relief/exemption from customs duties, on quotas and those areas other than tariff, origin and valuation (where ample guidance is already provided)
- Establish a network of customs laboratories to include the second test
- Develop guidance on uniform requirements of procedures and documentation based on best practices
- Develop a list of contact points for exchange of information (in accordance with Article 12)

7. The 2nd Meeting of the TFAWG suggested that there was a need to develop guidelines on the conduct of second tests by Customs laboratories (Article 5.3), as this was not mentioned in any of the WCO instruments and tools. Apart from this, the TFAWG did not raise the need for any further tool.

III. Rev.3 of the Analysis

8. Taking into consideration that, at the moment of the drafting of this document, 94 WTO Members have ratified the TFA, and that entry into force of the Agreement was not too far away, it was felt that another look at the Analysis was required.
9. Having in mind the almost 3-year track record of efforts towards achieving compliance with the TFA, Members are now in a better position to articulate requirements in terms of any further guidance material needed.
10. It was also felt that the latest version of the Analysis needed to reflect the knowledge and experience gained through the implementation of the TFA and the relevant discussions in the TFAWG and other relevant bodies, to better serve as an explanatory document to Members requiring a more comprehensive understanding of the TFA requirements.
11. A number of changes/additions have been made in Rev.3 version of the Analysis (attached as Annex to this document) and are visible in track changes:
- As the Analysis focuses on technical measures of the TFA, including National Committees on Trade Facilitation (NCTFs) contained in Section III, it was decided to replace the title “Analysis of Section I” with “Analysis of Technical Measures” to better reflect the focus of the document;
 - The format has been changed; considering all the additional text, it was felt to be more user-friendly if transferred it into a standard format;
 - “Overview” which had included a summary of the requirements was replaced with “Requirements and benefits” to include more extensive information about the provisions and some practical examples. It also sheds more light on the background to the technical measures, taking into account proposals put forward by the WTO members during the negotiations. A significant part of the additions under “Requirements and benefits” has been extracted from the TFA Training Guide which was developed as the basis for the WCO TFA e-learning course under the supervision of the WCO Secretariat;
 - New tools developed in the meantime have been included in the Analysis with short guidance on their usefulness in the TFA context;

- Outcomes of discussions in the WCO working bodies, largely the TFAWG, have also been reflected;
- “Possible implications” have been removed and the summary of its outcomes is contained in this document under “II. Prioritizing update/development of instruments/tools/projects”.

IV. Action required from the TFAWG

12. The TFAWG is invited to take note and possibly identify high priority measures to be carried out, new tools or guidance materials that may be required by Members for successful implementation of the TFA.

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