

**Global Dialogue on Customs Capacity Building**  
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***Customs Capacity Building in the Context of Trade Facilitation Reform***  
***The WTO Trade Facilitation Negotiations***

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The WTO is involved in Trade Facilitation because connecting efficiently to international markets is critical for trade growth in its developing country and least-developed country (LDC) Members. Their ability to move their produce across borders quickly, reliably and cheaply can mean the difference between their success or failure to integrate into the global economy. World Bank data on the low-income developing countries show that the world's least competitive producers and poorest consumers are currently handicapped with excess transaction costs resulting from poor quality border management of \$1,000 or more for each container of goods that they manage to export or import. For many, that represents a far higher barrier to their trade expansion than the traditional trade restrictions, such as tariffs, that they face in their overseas markets. This is clearly an unacceptable state of affairs, and an unnecessary one too since we have the means to solve this problem.

It points out clearly what are at stake in the Doha Round negotiations on Trade Facilitation and in the work programme of the WCO on setting customs standards and building customs capacity. The WTO and WCO complement each other in a very valuable way as the two main multilateral engines of comprehensive trade facilitation and reform.

The WTO negotiations deal with the way in which governments control and administer the movement of goods across their national borders, through the various documentary and physical inspection stages to clearing customs and receiving approval from border agencies such as the health and safety or the revenue authorities. The negotiations go beyond the area of responsibility of customs, but there can be no doubt that customs lies at the heart of the WTO exercise and it is important for customs administrations from all of our member governments to make their position known and have them reflected in their country's negotiating position in Geneva. We are well aware that the customs community has been moving forward already on trade facilitation on the basis of WCO standards, and I believe that the WTO negotiations will provide political support for those efforts.

Although the WTO's Trade Facilitation negotiations only began three years after the rest of the Doha Round had been launched, they have more than made up for their late start and are progressing very well. All of the main elements of an eventual Trade Facilitation agreement have been tabled by WTO member governments in proposals for new or improved GATT disciplines on about 50 issues. The process of reviewing and refining these elements and turning them into binding legal provisions has begun. And an extensive programme of technical assistance for developing countries and LDCs is well underway in their capitals to help each of them assess what reforms they will need to carry out in order to implement the new WTO agreement when it finally comes into force.

Technical assistance and support for capacity building is a central part of the WTO negotiations. Developing countries and LDCs have received assurance on three points.

- First, they will receive help to participate fully in the negotiations so that the substantive issues of most commercial interest to them are taken fully on board. We have been able to advance well on this issue, thanks in part to generous funding from the UK Government to pay for customs experts from developing countries and

LDCs to come from their capitals to Geneva and participate in the Negotiating Group meetings.

- Second, they will receive generous technical assistance and capacity-building support to implement the results of the negotiations.
- And third, on a somewhat more defensive note, they will not be required to undertake new WTO obligations until that assistance and support has been provided.

Once the negotiations got going, it became clear that developing countries and LDCs were enthusiastic about sharing fully in the potential benefits of a new Trade Facilitation agreement. Attention has therefore turned to designing an effective delivery mechanism to ensure that the technical assistance and capacity-building support is provided and that it does produce real trade facilitation results on the ground, where it counts.

The first stage is needs assessment, and it is already well underway. In close collaboration with other international organisations, particularly the WCO and the World Bank, as well as national customs administrations, we are providing expert support to individual developing countries and LDCs to help them review their current trade facilitation practices and to assess what more they would need to do to implement the package of proposals that is on the negotiating table in Geneva. About 70 countries have requested assistance under our needs assessment programme, and we are organising missions at the rate of five or six countries per month to respond to their requests. Experience has shown that beyond the preparation of a detailed needs assessment, one of the most valuable and rewarding results of the exercise is to generate better understanding and closer cooperation among the different national agencies involved in the border management process. That alone can already begin yielding practical results on the ground and lower the transaction costs of a country's trade.

The completed needs assessment for each WTO member government is important input to the completion of the negotiating process back in Geneva. Negotiators are currently working out a framework to implement the eventual Trade Facilitation agreement. It is likely to see developing countries and LDCs scheduling their trade facilitation reforms into three categories:

- First, those reforms that they can agree to implement straight away, as soon as the agreement is finalized;
- A second category that the national needs assessment exercise has shown they would require time to carry out;
- and a third category for which they require not only time but also technical assistance and capacity-building support in order to complete satisfactorily.

Since the trade facilitation situation on the ground differs from country to country, each member government's schedule is likely to differ too, but that is not a real concern. The aim is not to line up all WTO Members at the start, but to help them all to reach the finish successfully, especially those that need the help most.

It will clearly be essential for us to follow up expeditiously on the third category of commitments, where not only time but also technical assistance and capacity-building support is needed. This will require close cooperation between the WTO and other intergovernmental agencies with expertise and experience in the area of trade facilitation, notably the WCO. We have already begun discussions on this issue between our two organisations, including at the most senior level.

The WTO is not a development agency and it has no intention of moving into that area of activity. Under its Aid-for-Trade programme, the WTO aims to help its low-income member governments to advocate their case for increased development financing from development banks and bilateral donors to allow them to build trade-related capacity. We will use that programme to help them make their case for providing them with capacity-building support for viable trade facilitation projects, including helping the customs community through the WCO to achieve its objectives of modernizing its administration and procedures.

The response from donors to date has been very encouraging, in this respect, not least in funding generously our needs assessment programme. The next stage of completing the implementation of the Trade Facilitation Agreement will take time, and it will require enhanced donor support. Our experience to date suggests that the total bill need not be that large, but given the size of the returns that can confidently be expected from each dollar invested in facilitating trade, there should be no doubt about the worth of the exercise.

We look forward to working closely with Martyn Dunne and the WCO Council, and with Kunio, Lars and their team in the WCO secretariat, as we prepare for the implementation of the new WTO Trade Facilitation Agreement, and we welcome future opportunities to brief WCO members on the evolution of our partnership to support trade-related capacity building in developing countries and LDCs.