

PERMANENT TECHNICAL
COMMITTEE

PC0689Ea

(HYBRID MEETING)



235th/236th Sessions
25-29 April 2022

Brussels, 02 March 2022.

WORLD TRADE ORGANIZATION (WTO) TRADE FACILITATION AGREEMENT (TFA)

- Mercator Programme Progress Report -

(Item IX.b on the Agenda)

SUMMARY

Purpose of document

The World Customs Organization (WCO) Mercator Programme aims at assisting governments worldwide to implement trade facilitation measures under the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) expeditiously and in a uniform manner using WCO instruments and tools and applying the WCO strategic approach to sustainable capacity building.

The PTC will be informed of the recent achievements about the overall and tailor-made tracks of the Mercator Programme.

Action required of the PTC

The PTC is invited to:

- take note of the progress made under the WCO Mercator Programme.

I. Introduction

1. Since its launch in June 2014, the Mercator Programme has been the WCO's strategic initiative aimed at supporting Members and governments worldwide in navigating their implementation of the WTO's TFA in an expeditious and harmonized manner by applying WCO instruments and tools. The key objective of the Mercator Programme is to achieve a uniform implementation of the TFA, by providing "tailor-made" technical assistance and capacity building support.
2. With a wealth of expertise and experience in global Customs technical assistance and capacity building and based on a long-standing history of cooperation with the WTO, other international organizations and the private sector, the Mercator Programme acts as an important vehicle for coordinating the needs and priorities of all concerned stakeholders, including those arising from the most recent global challenge, the COVID-19 pandemic.
3. The two tracks of the Mercator Programme allow the WCO to respond to important cross-cutting, as well as Member-specific challenges to TFA implementation. The "overall track" deals with broader interests, including awareness-raising at global, regional, and national levels, as well as updating and developing trade facilitation standards and tools. The "tailor-made" track, anchored on the WCO capacity building principles of ownership, needs-based support, partnerships, results-based management, sustainability and effective project management, focuses on meeting Members' specific needs related to effectively implementing the TFA. In accordance with the Mercator Programme operating model, tailor-made assistance may come in the form of multi-year (MY) Mercator Programme Implementation Plans or ad-hoc engagements to support specific TFA articles. The "tailor-made" track also encompasses underlying important organizational development matters, which are viewed as fundamental in the sustainable implementation of TFA measures.
4. The WCO Capacity Building Directorate and the WCO Compliance and Facilitation Directorate work closely together to deliver both tracks of the Programme.
5. Since its 2nd meeting on 28-29 September 2014, the WCO Working Group on the WTO Trade Facilitation Agreement (TFAWG) has continuously been provided with an update on the achievements under the Mercator Programme. The last (13th) meeting of the TFAWG was held on 8-9 March 2021. The Policy Commission (PC) and Council in June 2021 decided to bring a close to the TFAWG, incorporating its work into the Permanent Technical Committee (PTC) and Capacity Building Committee (CBC). Therefore, the PTC will be informed on the recent achievements about the overall and tailor-made tracks of the Mercator Programme.

II. New delivery approach in challenging times

6. To ensure business continuity despite the global travel restrictions imposed as a result of the COVID-19 pandemic, the WCO, in terms of developing instruments and tools and in delivering effective technical assistance and capacity building, has remained responsive, resilient, and proactive. In addition, the WCO has continued to assist Members through the Mercator Programme by using various on-line tools and conducting remote delivery activities.

7. In order to ensure a successful transition from face-to-face delivery to a virtual delivery mode, and then to ensure momentum was maintained, the WCO needed to be reactive. In this regard, the following pre-requisites needed to be put in place and then monitored on an on-going basis:
- Adaptive delivery and programme management - adjustments to new delivery strategies and activity planning;
 - Early and continued engagement with all stakeholders – beneficiaries, donors, experts, managers;
 - Effective international communication, cooperation and the promotion of border agency collaboration;
 - Familiarization with various on-line platforms – a blended technical approach to meet specific needs;
 - Investment in time and resources in the conversion or development of new delivery material;
 - Adaptability to specific environments and situations – remembering one size does not always fit all; and,
 - Regular stock-taking of lessons learnt to inform continual delivery improvements and enhanced learning.
8. To support Members further, the WCO has developed a Guide for a Successful Transition to Live Virtual Training that provides a set of strategies and techniques to support all training stakeholders who are new to organizing and delivering training in the virtual environment. The Guide was endorsed by the Capacity Building Committee in February 2021 and by the Council in June 2021.
9. What initially started as a temporary web conferencing solution to replace essential face-to-face WCO committee meetings, the approach has since been expanded and become the new delivery mode for all WCO activities. Despite the challenges faced, this new virtual delivery mode was appreciated by Members and was widely maintained by the WCO. The new delivery approach also provided benefits to both the WCO and Members alike.

III. Overall Track

New/updated instruments and tools

10. During the reporting period, the WCO working body structure finalized the work on the following tools, which have been approved by the Council in June 2021:
- WCO Guidelines on Disaster Management and Supply Chain Continuity (An updated version of the Guidelines was endorsed by the PTC in October 2021);
 - 2nd Edition of the Compendium of Case Studies on E-Commerce;
 - Secretariat Note on expanding the concept of Authorized Economic Operator (AEO) to cross-border e-commerce;
 - Communication Handbook for Customs Administrations;
 - Secretariat Note on effective and efficient revenue collection in cross-border e-commerce;

- Authorized Economic Operators (AEO) Implementation and Validation Guidance;
 - Regional Customs Union AEO programmes and plurilateral MRAs;
 - Risk Management Maturity Model;
 - Risk Management Diagnostic Tool;
 - Review of the Risk Management Compendium;
 - WCO/WTO joint paper on Customs Use of Advanced Technologies to Facilitate and Secure Cross Border Trade;
 - WCO Secretariat Note on the Current State of Play of WCO Members in the Area of National Committees on Trade Facilitation (NCTF); and,
 - WCO Capacity Building Framework for Data Analytics.
11. Furthermore, the WCO Data Model Version 3.11.0 was published in December 2021.

Ongoing work

12. The review of the Revised Kyoto Convention (RKC) continued under the RKC Management Committee (MC). The RKC/MC commenced with the Step-4 review process of the four-step framework starting from the 27th RKC/MC meeting. A revised work plan with an extended review timeline until September 2024 is to be proposed to the 28th RKC/MC meeting scheduled from 7 to 11 March 2022.
13. In order for the work on WCO's trade facilitation instruments and tools to move forward, the PC in June 2021 endorsed the Revised Action Plan for Phase V for the Economic Competitiveness Package (ECP), which covers envisaged activities, including development of new and update of existing tools, during the period up to June 2022. The implementation of the Revised ECP Action Plan for Phase V ends in June 2022, and in line with the guidance provided by the PC in December 2021, the PTC Work Programme 2022-2025 will replace a future ECP Action Plan.
14. The first periodic review of the E-Commerce Package was launched in January 2021. 63 proposals submitted by Members, partner international organizations and the private sector were discussed in the framework of the first periodic review of the E-Commerce Package. An interim report was submitted to the PTC in October 2021. In April 2022, the PTC will be invited to examine and endorse the proposed revision of the E-Commerce Package resulting from the first periodic review. The outcome will be reported to the June 2022 PC and Council.
15. The Study Report on Disruptive Technologies, updated in partnership with the WTO, will be submitted to the Council in June 2022 after its endorsement by the PTC in April 2022. The Study Report 2022 includes findings from the WCO/WTO paper "Customs Use of Advanced Technologies to Facilitate and Secure Cross-Border Trade", published in October 2021 and based on the results of WCO's 2021 Annual Consolidated Survey. It also includes lessons learnt and recommendations stemming from the round of WCO's regional online experience-sharing workshops held in 2021 and 2022 in five WCO regions, as well as updated and new use cases provided by Members and other stakeholders.
16. The Railway Guidance will be published after its approval at Council in June 2022.
17. The updated CBM Compendium with a new section on transboundary management of plastic waste will be presented to the PTC in April 2022.

18. The draft Updated API Guidelines will be submitted to the PTC in its meeting in April 2022.

Conferences / Regional Workshops

19. The Second Global Conference on Cross-Border E-Commerce was held on 28-29 June 2021. Furthermore, the 2021 WCO TECH-CON was held on 10-11 November 2021.
20. During the reporting period, regional/sub regional workshops in the areas of TFA, advance rulings, E-Commerce, performance measurement, risk management, data analytics, COVID-19, disruptive technologies, free zones and others have been carried out or are in the process of planning. The accreditation workshops in the area of Free Zones was also conducted in this period.
21. The WCO started with a new round of TFA regional workshops in 2021 with an objective to provide the participants with an update on TFA-related developments, including under the WCO Mercator Programme, to share national and regional experiences, key challenges faced, as well as applied methods of monitoring and evaluation of implementation. The regional workshops also focus on how TFA implementation was critical during the COVID-19 pandemic. In this regard, the first workshop was held in the WCO Asia/Pacific region on 19-21 April 2021 and the second workshop was conducted in the WCO East and Southern Africa (ESA) and West and Central Africa (WCA) regions on 1-3 December 2021. The third regional workshop on the WTO TFA will be held in the Americas and the Caribbean (AMS) region in June 2022.
22. In terms of other future events, the WCO and WTO will jointly organize a webinar on 29 March 2022 to promote the findings of the paper on 'Use of Advanced Technologies by Customs to Facilitate and Secure Cross Border Trade'.

Cooperation with International Organizations and other stakeholders

23. In terms of cooperation with different stakeholders, including other international organizations (IOs) in the context of border agency cooperation and cooperation with the World Trade Organization:
- The WCO issued joint statements with the WTO, International Maritime Organization (IMO), International Chamber of Commerce (ICC), International Road Transport Union (IRU), Intergovernmental Organization for International Carriage by Rail (OTIF), Organization for Co-operation between Railways (OSJD) and United Nations Office of the High Representative for the Least Developed, Landlocked Developing Countries and Small Islands Developing States (UN-OHRLLS) on responding to the impacts of the COVID-19 pandemic;
 - The WCO Secretariat participated in the thematic discussions on the Compendium of International Organization's Practices for Effective International Rulemaking organized by the Organization for Economic Co-operation and Development (OECD);
 - The WCO participated in the meetings of the WTO Trade Facilitation Committee and in Annex D meetings;
 - The Secretariat also participated in a number of other IOs' meetings such as Codex Alimentarius Commission (Codex), International Plant Protection

Convention (IPPC), World Organisation for Animal Health (OIE), Global Trade Helpdesk (GTH), OECD Government Foresight Community, etc;

- The WCO maintains cooperation with the Geneva-based attaches;
 - The WCO collaborated with Mercator Programme Advisors on national and regional events; and,
 - The WCO received input from the WCO Private Sector Consultative Group for the Organization's Strategic Plan for 2022-2025.
24. Furthermore, under the umbrella of the WTO Public Forum 2021 (WTO PF21), the WCO hosted a panel session on 29 September 2021 focusing on recovery, renewal and resilience for a sustainable supply chain.
25. The WCO was one of the organizations that have joined forces in organizing the Global National Trade Facilitation Committees (NTFCs) Forum 2022 from 1 to 4 February 2022, including United Nations Conference on Trade and Development (UNCTAD), Global Alliance for Trade Facilitation (GATF), International Trade Centre (ITC), OECD, United Nations Economic Commission for Europe (UNECE), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), World Bank Group (WBG), WCO and WTO.

IV. Tailor-Made Track

26. Throughout the reporting period, several additional Members have requested specific support under the MY Mercator Programme approach bringing the current total number of administrations benefiting from this medium to long-term WCO engagement to 57. A growing proportion of TFA related support under the tailor-made track is now being delivered under multi-year MY Mercator partnerships.
27. The WCO has, with the support of Member experts, conducted more than 10 successful Mercator implementation reviews/validation missions. As the result of these activities, relevant Mercator Implementation Plans and associated recommendations have been further developed. These plans now serve as effective road maps for Members to enhance their cross-border trade performance, to enhance their coordination and collaboration with stakeholders and to chart their overall progress with regard to TFA implementation.
28. While the TFA clearly defines "what" is expected of Members, it is often the "how" of TFA implementation that presents the greatest challenge in terms of how to manage change, how to navigate competing demands and how to maintain and grow a professional Customs workforce. In this aspect, the effective use of WCO tools and instruments is critical as they provide field-tested standards that assist Members in prioritizing and then sequencing their future activities. This has become more important when planning which activities can be supported by the WCO under the new virtual delivery approach.
29. Since March 2021, the Secretariat has continued to engage with the MY Mercator beneficiary Members through consultations in the preparation of future Mercator diagnostic and/or Mercator evaluation activities. Over 100 MY Mercator activities have been delivered, mostly virtually or in a hybrid format, and more activities are planned.
30. In addition, WCO Members have also continued to benefit from ad-hoc on-line technical assistance support, many of which were focused on the individual needs of Members on specific TFA technical measures.

31. To achieve sustainability, support under the Mercator Programme also extends to those crucial areas considered to be TFA implementation enablers. These areas commonly include project management, donor coordination, Customs modernization, human resource development, information and communication technology, integrity, and gender equality and diversity. This cross-cutting, “whole-of-Customs” perspective is a core strength of the WCO’s approach to TFA scoping and diagnostics, whilst appreciating that the TFA implementation is part of a wider modernization and reform dynamics in Customs.
32. The Secretariat has also finalized the review and update of the Mercator Programme Advisor (MPA) Handbook. This handbook provides strategic guidance to WCO accredited experts when delivering strategic TFA implementation advice and support to Members.

V. Mercator Programme Brochure

33. Considering the last version was published in 2015, the WCO has been developing a new Mercator Programme brochure which will be ready in the first quarter of the Financial Year 2022-2023. The purpose of the brochure is to provide Members with a summarized overview on the recent updates of the overall and tailor-made tracks. It also provides an update on the achievements of the Mercator Programme and on recent tools and instruments developed to support implementation of the TFA. The brochure will encompass TFA implementation during the pandemic, challenges encountered, lessons learnt and the way forward. The latest trends such as facilitation of e-commerce, of essential goods, gender mainstreaming, green solutions current partners will also be mentioned. The brochure also will give a brief summary of programmes and projects that offer support to Members on TFA implementation.

VI. The Way Forward

34. The WCO continues to refine both the overall and tailor-made tracks of the Mercator Programme to ensure that they are fully responsive to Members’ needs and implementation challenges, particularly those associated with the current COVID-19 pandemic.

VII. Action required from the PTC

35. The PTC is invited to:
 - take note of the progress under the Mercator Programme.
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