



PERMANENT TECHNICAL
COMMITTEE

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

**- Mercator Programme progress report and Update of the Implementation
Guidance for Section I of the WTO TFA -**

(Items XI.b and XI.c 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.

This document aims to brief the PTC on recent achievements under the overall and tailor-made tracks of the Mercator Programme.

Furthermore, as part of the Revised PTC Work Programme for 2022-2025, the WCO Implementation Guidance for Section I of the WTO TFA has been updated, and this document updates the PTC on the updated version and invites the PTC to endorse it.

Action required of the PTC

The PTC is invited to:

- take note of the progress made under the WCO Mercator Programme; and
- endorse the updated WCO Implementation Guidance for Section I of the WTO TFA.

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I. Introduction

1. The Mercator Programme – a strategic initiative launched by the WCO in June 2014 – is aimed at supporting Members and governments worldwide in navigating their implementation of the WTO TFA in an expeditious and harmonized manner by applying WCO instruments and tools. The key objective of the Mercator Programme is to achieve the 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 serves as an important vehicle for coordinating the needs and priorities of all concerned stakeholders, including in respect of concerns 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 the updating and development of 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 in terms of implementing the TFA effectively. In accordance with the operating model of the Mercator Programme, “tailor-made” assistance may take the form of multi-year (MY) Mercator Programme Implementation Plans or ad-hoc engagements to support the implementation of specific TFA articles. The “tailor-made” track also encompasses important underlying 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 and 29 September 2014, the WCO Working Group on the WTO Trade Facilitation Agreement (TFAWG) has been providing updates on the achievements under the Mercator Programme. The final (13th) Meeting of the TFAWG was held on 8 and 9 March 2021; in June 2021 the Policy Commission (PC) and Council decided to bring the TFAWG to a close, incorporating its work in the Permanent Technical Committee (PTC) and the Capacity Building Committee (CBC). Therefore, the PTC will now be briefed on recent achievements under the “overall” and “tailor-made” tracks of the Mercator Programme.

II. Overall Track

New/updated instruments and tools

6. Since April 2022 sessions of the PTC, the WCO’s working body structure finalized the work on the following tools, which were approved by the Council in June 2022:
 - 2.

- Self-Assessment Checklist to be incorporated, as an Annex, in the WCO Guidelines on Disaster Management and Supply Chain Continuity;
- Revised E-Commerce Framework of Standards and Technical Specifications for the Framework;
- 3rd Edition of the Compendium of Case Studies on E-Commerce;
- Updated Secretariat Note on Expanding the Concept of Authorized Economic Operator (AEO) to Cross-Border E-Commerce;
- WCO/WTO Study Report on Disruptive Technologies;
- WCO Railway Guidance;
- Updated Coordinated Border Management (CBM) Compendium, with a new section relating to the implementation of the Basel Convention in the Customs context; and
- Updated Advance Passenger Information (API) Guidelines.

Ongoing work

7. At its October 2021 sessions, the PTC supported the business case for the review of the WCO Data Model (DM) and the preparation of a new version, i.e., Version 4.0.0. The PTC also approved the proposed scope of changes to the WCO DM and related marketing and guiding material. The preparatory work on Version 4.0.0 was completed by the Data Model Projects Team (DMPT) and will be submitted to the PTC at the forthcoming April 2023 sessions. The PTC will be invited to examine and endorse Version 4.0.0 of the WCO DM so it can be presented to the Policy Commission and Council for approval in June 2023 and subsequently published.
8. At these sessions the PTC will also be invited to examine and endorse the draft Fourth Edition of the Compendium of Case Studies on Cross-Border E-Commerce, which incorporates a number of updated and new case studies submitted by Members following a call for case studies sent out in September 2022. After endorsement by the PTC, the Fourth Edition of the Compendium will be submitted to the June 2023 Policy Commission for endorsement and Council for approval.
9. The PTC will also be invited to examine and endorse the proposed revision of two Annexes to the Technical Specifications for the Framework of Standards on Cross-Border E-Commerce, resulting from the 2022-2023 annual review process. That process involved the submission of proposals by Members and Observers, and the discussion of those proposals and subsequent draft texts in ad hoc meetings and in a dedicated group on the WCO CLiKC! Platform. Following their endorsement by the PTC, the revised versions of the two Annexes concerned, namely the Annexes on E-Commerce Business Models and E-Commerce Stakeholders: Roles and Responsibilities, will be submitted to the June 2023 Policy Commission for endorsement and Council for approval.
10. In October 2021, the PTC discussed and supported a proposal by the International Association of Ports and Harbors (IAPH) to jointly develop a set of Guidelines on Cooperation between Customs and Port Authorities to Strengthen Trade Facilitation and Supply Chain Security. After the PTC had indicated its support for this initiative, interested IAPH and WCO Members convened as a Mini-Group to discuss the topic and develop the planned Guidelines. In October 2022, the PTC received an update on progress with the development of the Guidelines, and provided guidance and case studies. The PTC will be invited to examine and consider endorsing the finalized draft Guidelines on Cooperation between Customs and Port Authorities.

Updated Implementation Guidance for Section I of the TFA

11. The WCO launched the Implementation Guidance for Section I of the WTO TFA in 2014. The WCO TFA Implementation Guidance leverages the linkages between the technical provisions of the TFA and the established WCO instruments and tools, based on the real-world implementation experience of the WCO's global membership. The Guidance provides valuable information about TFA implementation by referring to the relevant standards in the Revised Kyoto Convention, as well as other WCO instruments and tools, and Members' practices and performance indicators for each provision of the TFA.
12. One of the activities included in the Revised PTC Work Programme 2022-2025 is to update the Implementation Guidance for Section I of the TFA. As this web-based tool assists Members by ensuring the harmonized implementation of various trade facilitation measures, plans were made to update it fully in response to the expressed needs of Members and best practices gathered from across the WCO membership.
13. One of the most important parts of the Guidance is the section on Members' practices and experiences. Learning about other Members' experiences is indispensable for the effective implementation of the TFA. On 23 August 2022, the Secretariat wrote to the Members inviting them to contribute to this updating process by sharing their latest practices and national experiences regarding the implementation of 12 Articles in Section I of the TFA.
14. Another part of the Guidance refers to the relevant WCO tools and instruments that contribute to the implementation of the TFA; these have been updated, and actual links provided.
15. At its October 2022 sessions, the PTC took note of progress with the updating of the WCO Implementation Guidance for Section I of the WTO TFA and encouraged Members to provide details of more practices and experiences regarding TFA implementation for inclusion in the Guidance.
16. The updated Implementation Guidance for Section I, including the revised/new case studies provided by Members, will be presented to the PTC for endorsement at the forthcoming session, and will then be submitted to the Council for approval in June 2023.
17. The updated Implementation Guidance on Section I will be available under the "WCO implementing the WTO TFA" section on the WCO website at <https://www.wcoomd.org/en/topics/wco-implementing-the-wto-atf/atf.aspx>.
18. The Guidance is a living document, and will continue to be updated to include new case studies provided by Members.

Conferences/Regional and Sub-regional Workshops/Webinars

19. The WCO Green Customs Global Conference was held on 27 and 28 June 2022.
20. The 2022 WCO Technology Conference and Exhibition was held from 18 to 20 October 2022 in Maastricht, the Netherlands. Under the theme "Driving Customs performance with data and technology in the changing landscape of global trade", the Conference brought together more than 1,200 on-site participants from 136 countries,

representing Customs authorities and other border agencies, international and regional organizations, development partners, academia, technology providers and the broader business community. The Conference sessions explored various technologies that generate data, and rely on data, to manage the cross-border movements of goods, people and conveyances. Special focus was placed on addressing the challenges presented by the ever-growing volumes of cross-border e-commerce shipments. Dedicated sessions focused on the deployment of Blockchain, Artificial Intelligence and Machine Learning, and the Internet of Things, among others. Other topics discussed included the role of data and technology in the transition of the global economy towards sustainable and greener supply chains, and the opportunities that technology can offer to women in trade.

21. Some of the take-aways from the Conference were outlined during the closing session. Among these was the need for Customs to apply out-of-the box thinking to manage the exponential growth of Business-to-Consumer (B2C) cross-border shipments, which has to be done in partnership with the private sector. Artificial Intelligence, Machine Learning and the Internet of Things offer a great deal of potential, but there is still room for improvement with regard to the uptake of these technologies by Customs and the data governance aspects surrounding their deployment. Moreover, creating and sustaining a culture which has data at its core is considered to be of high relevance to the environment in which Customs administrations operate. Collaboration is another key aspect – collaboration through the sharing between Customs administrations of data, good practices and even ready-to-implement solutions, such as automated threat detection algorithms, but also collaboration between Customs on the one hand and the private sector and academia on the other. When it comes to the sharing of data, the important prerequisites are legislative framework, technological framework and carefully defined datasets.
22. The WCO-UPU Global Conference is scheduled to be held from 6 to 8 June 2023 in Tokyo, Japan.
23. During the reporting period, regional/sub-regional and national workshops have been carried out (or are in the planning stage) on a range of topics, including in particular TFA, advance rulings, E-Commerce, performance measurement, risk management, data analytics, AEO, COVID-19, disruptive technologies, free zones and coordinated border management.
24. A WCO Multiregional Workshop on the Revised Kyoto Convention (RKC) is scheduled to be held from 8 to 12 May 2023 in Lima, Peru.
25. The WCO started a new round of TFA regional workshops in 2021 with the objective of providing participants with an update on TFA-related developments, including under the WCO Mercator Programme, as well as an opportunity to share information on national and regional experiences, key challenges faced, and applied methods of monitoring and evaluating implementation. The regional workshops also focused on how critically important TFA implementation became during the COVID-19 pandemic. The third regional workshop on the WTO TFA was held in the Americas and the Caribbean (AMS) Region in June 2022, followed by the fourth one in the MENA Region in January 2023.
26. The WCO Study Report on Disruptive Technologies has been updated in partnership with the WTO, with the aim of covering the overall international trade context in which Customs administrations play an important role. The WCO/WTO Study Report on Disruptive Technologies 2022 includes findings from the WCO/WTO paper entitled “The role of advanced technologies in cross-border trade: A Customs perspective”, published in

March 2022. It also includes lessons learnt and recommendations stemming from a series of WCO regional, online experience-sharing workshops held in 2021 and 2022, as well as updated and new case studies provided by Members and other stakeholders. The Study Report was approved by the Council in June 2022, and launched by the WCO and the WTO in a joint webinar held on 3 October 2022.

27. On 15 February 2023, the WCO held the first Symposium on E- Commerce and Customs Valuation. During this hybrid event, international organizations, Customs administrations and the private sector discussed the challenges of calculating Customs value for E- Commerce. The participants agreed on the importance of working together and sharing knowledge and best practices to find innovative solutions to the many challenges presented by E-Commerce.

Cooperation with international organizations and other stakeholders

28. 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 (WTO), the following activities in particular took place during the reporting period:
- On 3 October 2022, the Secretary General of the WCO and the Director-General of the WTO launched the Second Edition of the WCO/WTO Study Report on Disruptive Technologies 2022.
 - During his visit to WTO Headquarters on 18 October 2022, the WCO Deputy Secretary General had a meeting with the WTO Deputy Director General about enhanced cooperation between our two Organizations on the topic of the Customs classification of plastics and associated implementation challenges.
 - The WCO participated in the WTO 12th Ministerial Conference (MC12), held in Geneva, Switzerland from 12 to 17 June 2022.
 - The WCO was invited, along with other Annex D organizations, to a WTO TFA 5-Year Anniversary Event held on 29 June 2022, and served as a panelist in Session 2 on “The Trade Facilitation Agreement and Digitalized Trade”. The WCO’s intervention focused on how the technologies and digitalized trade provisions included in the E-Commerce FoS help to support trade facilitation, as well as the first periodic review of the E-Commerce Package, the WCO theme for 2022, the WCO Data Strategy, the WCO Data Model, etc.
 - On the first day of the WTO Public Forum 2022 (27 September 2022), the WCO and the WCO Private Sector Consultative Group (PSCG) jointly organized a working session dedicated to the prominent role of disruptive technologies and e-commerce – from the Customs perspective – for an inclusive post-pandemic recovery. The panel was comprised of speakers from Customs, the WTO and the private sector, and focused on e-commerce, public-private sector partnerships, disruptive technologies and data. Around 100 participants attended this in-person joint session.
 - The WCO participated in a WTO TFC Meeting which included a dedicated session on assistance and capacity building from 28 November to 1 December 2022.

- The WCO also took part in a meeting for Annex D organizations held on 30 November 2022.
- The Chairperson of the WTO TFC and the WTO Secretariat have been invited to the Spring 2023 sessions of the PTC to report on the developments taking place in the WTO TFC and how they relate to the activities of the WCO.
- The WCO provided input for the updating of the Trade4MSMEs website in November 2022.
- The WCO Secretariat participated in an event on Supporting Strategic and Effective Implementation in the Pacific Region, organized by the WTO TFAF, the World Bank Group and the Pacific Islands Forum Secretariat (PIFS) from 13 to 16 December 2022 in Sydney, Australia.
- A national TFA workshop organized by the WTO TFAF in cooperation with UNCTAD, the Asian Development Bank and the WCO was held from 22 to 25 January 2023 in Malé, Maldives.
- The WCO joined forces with the Universal Postal Union (UPU) and other “eTrade for All” partners to contribute to the discussions in the 2022 eCommerce Week held from 25 to 29 April 2022 in Geneva, Switzerland under the theme “Data and Digitalization for Development”. On the first day of the eCommerce Week, the WCO and UPU organized a session on “Leveraging advance electronic data to scale up Customs performance and support safe, secure and sustainable cross-border e-commerce”. On 26 April 2022, the WCO Secretary General addressed the eCommerce Week participants; Dr. Mikuriya’s speech was part of the “eTrade for All leadership dialogue: Connecting the dots for more inclusive development”.
- On 4 October 2022, the WCO and UNCTAD signed an MoU to update the existing MOU between the two Organizations which dates back to 2013, the aim being to strengthen cooperation and enhance digitalization, trade facilitation and Customs control.
- At the 63rd Data Model Projects Team (DMPT) Meeting held in May 2022, CODEX delivered a presentation on the Codex Alimentarius and their work on the digitalization of food certificates. The 65th DMPT Meeting also heard a presentation from the Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS), concerning the digitalization of Codex Generic Official Certificates.
- The WCO and the IAPH will jointly present the draft Customs-Port Cooperation Guidelines during the upcoming 239th/240th Sessions of the PTC.
- It is anticipated that the ICC will deliver a presentation on key trade documents and UN/ESCAP will present on the work of the UN/ESCAP/WCO Joint Task Force at the 66th DMPT Meeting in May 2023.

III. Tailor-Made Track

29. Progress under the “tailor-made” track of the Mercator Programme is regularly reported by the Capacity Building Directorate at meetings of the WCO Capacity Building Committee (CBC), but for the reporting period the following overview of activities can be provided.

30. During the reporting period, several additional Members requested specific support under the multi-year (MY) Mercator Programme approach, bringing the current total number of administrations benefiting from this medium to long-term WCO engagement to 59. A growing proportion of TFA-related support under the “tailor-made” track is now being delivered under MY Mercator partnerships.
31. The WCO has, with the support of Member experts, conducted a further 10 successful MY Mercator diagnostic assessments, some of which were to take stock of progress already made based on previous Mercator diagnostic activity and to further refine the beneficiary administrations’ Mercator Implementation Plans and associated recommendations. These plans now serve as effective road maps for Members to enhance their cross-border trade performance as well as their coordination and collaboration with stakeholders, and to chart their overall progress with regard to TFA implementation.
32. Since April 2022, the WCO has continued to engage with MY Mercator beneficiary countries through active engagements focused on future Mercator diagnostic and/or Mercator evaluation activities. Throughout this period, engagements with many MY Mercator beneficiaries have seen ongoing work to review Mercator Implementation Plans, provide implementation status updates and complete the Maturity Model assessments that provide an important baseline against which future TFA implementation progress and maturity can be measured and reported.
33. The lifting of international travel restrictions during 2022 has brought about a significant change in the WCO’s approach to the delivery of activities. In this regard, it is noteworthy that during the reporting period fewer than 20 % of all activities were delivered primarily online and the remainder were conducted on-site, incorporating the “blended delivery” approach. This represents a major shift in the delivery mode, where previously – as a result of the pandemic – all support activities were being delivered remotely.
34. During the period under consideration, a total of more than 190 on-site, online or blended Mercator-related activities have been delivered; of these, around 140 were MY Mercator activities focused on both organizational development areas and on technical measures closely associated to specific Articles of the TFA. More activities are planned during 2023.
35. Regarding the pool of WCO accredited experts, detailed information can be found in Capacity Building Committee document [HC0174Ea](#) which was discussed during the 14th Meeting of the CBC in February 2023. The issue of the management/deployment of experts is a standing Agenda item in the CBC.

IV. The Way Forward

36. 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 COVID-19 pandemic.

V. Action required of the PTC

37. The PTC is invited to:

- take note of the progress made under the Mercator Programme; and,
 - endorse the updated WCO Implementation Guidance for Section I of the WTO TFA.
-