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WCO WORKING GROUP ON  
THE WTO  
TRADE FACILITATION  
AGREEMENT

PT0091E1a

INCLUDING THE JOINT  
SESSION WITH THE  
223<sup>rd</sup>/224<sup>th</sup> MEETING OF  
THE PERMANENT  
TECHNICAL COMMITTEE

-  
11<sup>th</sup> Meeting

-  
4 – 5 March 2019

Brussels, 21 January 2019.

## THE MERCATOR PROGRAMME

### (Item IV.A of the Agenda)

#### Introduction

1. Since its launch in June 2014, the Mercator Programme has been the World Customs Organization's (WCO) strategic initiative aimed at assisting governments worldwide in implementing the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) in a uniform manner by applying WCO instruments and tools, as the TFA provisions relate to a large extent to Customs procedures. The key objectives of the Mercator Programme are to achieve harmonized implementation of the TFA, to provide "tailor-made" technical assistance and capacity building, and to coordinate effectively amongst all stakeholders.
2. The Mercator Programme has two tracks. 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.
3. The "tailor-made" track focuses on meeting Members' needs, which usually include needs assessments, strategic planning and implementation, followed by monitoring and evaluation. Tailor-made assistance may come in the form of Multi-Year Mercator Programme plans (MY Mercator Programme) or support for implementing specific TFA articles as part of on-going reform and modernization efforts. Moreover, the support includes establishing National Committees on Trade Facilitation (NCTFs), action planning, technical assistance in specific areas, etc.

**Overall track**

4. During the intersession, the development of a number of relevant tools has been initiated or further continued: Technical Specifications for the Framework of Standards for Cross-Border E-Commerce; Joint WCO-UPU Guidelines for the exchange of electronic advance data between Post and Customs; and the Guidance for Customs administrations of Small Island Economies.
5. Furthermore, the PTC in November 2018 approved three proposed terms and definitions of relevance to the TFA ('enquiry point/office', 'perishable goods' and 'Time Release Study') to be incorporated into the Glossary of International Customs Terms. The PTC also endorsed the Economic Competitiveness Package (ECP) Action Plan for Phase IV for the period from January 2019 to December 2020. The Action Plan envisages the development of the following tools: Compendium of Best Practices in the Area of Transit; Study Report on E-Seals; Guidelines on Interoperability / Interconnectivity of IT Systems / Single Windows; Revision of the technical and non-technical Guidelines of the WCO Data Model; Study Report on Disruptive Technologies; and others. The Action Plan also envisages a comprehensive review of the Revised Kyoto Convention (RKC), which is underway. The first two meetings of the RKC Working Group were held in September and December 2018. Another three meetings will be held in the first half of 2019.
6. The WCO took part in the WTO Public Forum from 2 to 4 October 2018. The Secretariat plays an active role in the WTO Public Forums by organizing working sessions, providing speakers and sharing information, with the aim of raising the profile of Customs and its relevance in cross-border trade and in particular in implementation of the TFA. The Public Forum 2018 brought together around 2500 attendees from governments, the private sector, academia, NGO sector etc. and was held under the theme of "Trade 2030", with the aim of exploring how technology is transforming our lives and our economies – including the way we trade. In that context, the WCO organized a panel to discuss how latest technologies can improve the work of Customs and other border agencies to facilitate and accelerate trade, also taking into consideration TFA implementation. The panel included speakers from Customs and the private sector and focused on the on-going work and benefits that the latest technologies, particularly blockchain technology and artificial intelligence, are having in the Customs and border management context, and on some of the challenges in preparing for their use and impact. This was also an opportunity to discuss the strategy behind technology and to share the work on the Study Report on Disruptive Technologies under the PTC and the Virtual Working Group on the Future of Customs.
7. The WCO also took an active part in a number of regional and global events together with the WTO and other partner organizations: workshops on transit, donor support, and support for Pacific Island Forum countries organized by the TFA Facility back-to-back with the WTO Trade Facilitation Committee in October 2018 in Geneva; the Inter-Sub regional Forum on Enhanced Implementation of the WTO TFA organized by the Asian Development Bank in October 2018 in Bangkok; the First African Forum for National Trade Facilitation Committees organized by UNCTAD, ITC, UNECA, UNECE, Global Alliance for Trade Facilitation, World Bank Group, WTO and WCO in November 2018 in Addis Ababa; and others.
8. With the objective of making WCO information on the implementation of the TFA accessible in a more user-friendly manner, the Secretariat has started the process of reorganizing the relevant content on the WCO website page devoted to TFA implementation.

### **Tailor-made track**

9. After the entry into force of the TFA on 22 February 2017, the timelines for implementing the different categorized provisions notified to the WTO TFC have brought more transparency to Members' implementation priorities. The WCO has conducted several scoping or mapping missions and national-level workshops in response to requests from Members to contribute to their national implementation by providing strategic recommendations, action planning and technical assistance followed by monitoring and evaluation.
10. There are currently 42 Member Customs administrations benefiting from the tailor-made track of the Mercator Programme operating model which is based on medium to long-term engagement with Members and adopts a project-based approach, including a significant role for WCO-accredited experts (in particular Mercator Programme Advisors, see paragraph 15 below). Depending on availability of funding, Members benefit from both the core Mercator Programme support (scoping and implementation planning) as well as multi-year implementation support on specific technical and organizational development recommendations raised in the Mercator scoping mission report.
11. The Mercator Scoping missions use a combination of tools to assess implementation of TFA articles. The most relevant are the WCO Diagnostic Framework in conjunction with the TFA legal text, alongside the WTO TFA self-assessment guide. Depending on TFA notifications, previous diagnostics and other national circumstances, up to 41 articles / sub-articles are analyzed, together with associated organizational, enabling and institutional arrangements. WCO analyses build upon and complement the TFA analyses undertaken by other development partners, providing a Customs-specific perspective that establishes organizational development as a foundation for effective TFA implementation within and beyond Customs.
12. Where financing is available for Members to benefit from multi-year implementation support, tailor-made support will build on scoping and implementation planning efforts and engage in specific technical and organizational development topics in a results-oriented, iterative model. Complex TFA articles, such as risk management, PCA, measurement of release times and authorized operators, where sustained and holistic engagement is needed for effective implementation figure strongly among these WCO-mediated efforts. Multi-year implementation support also enabled complementary organizational development support encompassing matters of leadership, management, training, e-learning and competency-based human resources management.
13. In terms of specific recommendations from Mercator Programme scoping missions, approximately 60% concern implementation of technical trade facilitation procedures. The remaining 40% of recommendations relate to organizational development, institutional arrangements, technology and enforcement-related management issues. Generally speaking, following a scoping diagnostic report, the WCO and recipient Member administration discuss the recommendations. Once clarified and confirmed, the next activity is Implementation Planning or updating an existing reform and modernization plan.
14. A growing proportion of TFA related support is being delivered under Multi-Year Mercator Plans. A full analysis of this balance breakdown will be reported at the WCO Capacity Building Committee in April 2019. During the past six months there were a

number of requests for Mercator Programme Scoping missions as well as for holistic, comprehensive Diagnostic missions. There were also a number of Implementation Planning / Strategic Planning requests. Since the 10<sup>th</sup> TFAWG meeting in October 2018, there have been nine (9) Mercator Programme tailor-made missions delivered comprising of six (6) Scoping missions and three (3) Implementation / Strategic Planning missions.

15. Where financing is available for Members to benefit from multi-year implementation support, results have been impressive with tangible benefits for both the public and private sectors in terms of reduced cost and delays along with improved transparency. Specific examples of progress in implementing articles of the WTO TFA under the multi-year Mercator Programme include:

- The roll-out of a regional authorized economic operator scheme in the East African Community attracting almost 100 leading traders with tangible cost and time reductions at the border;
- The establishment of a National Committee on Trade Facilitation (article 23.2) and the publication of a Time Release Study (article 7.6) in Cape Verde,
- The roll-out of risk-based selectivity in Sudan, reducing physical inspections by more than half (article 7.4),
- More effective engagement between Customs and the private sector in Vietnam, resulting in a 20% increase in client satisfaction between 2015 and 2016 (article 2);
- The establishment of an automated data exchange between Swaziland and South Africa using the WCO's Globally Networked Customs concept (article 12);
- The roll-out of a national Single Window in Columbia in the basis of the WCO Data Model, bringing together 21 different state agencies for the benefit of at least 62,000 trade stakeholders.

16. The above examples all employed the WCO's TFA implementation guidance and relevant WCO instruments and tools. Capacity building was developed through a combination of accredited and pre-accredited experts and WCO Secretariat staff. MPAs played a key role in guiding the overall TFA implementation agenda in many of these examples. The WCO now has a total of 92 accredited and pre-accredited MPAs in the Accredited Customs Experts (ACE) database, many of whom are now regularly providing effective TFA implementation support through sustained engagement with beneficiary Members.

17. The challenges to successful implementation of TFA articles and the subsequent economic benefits will be familiar to the Customs community. While implementing the TFA together with indicators of progress, the experience of working with Mercator Programme members has identified several challenges to successful implementation of the TFA, such as the lack of buy-in to trade facilitation initiatives largely due to limited appreciation of the implications of the TFA by other border management agencies, the importance of further engagement of the private sector, and of planning and coordinating external assistance. For context, it is worthwhile to recall the principles that underpin the Mercator Programme and WCO-mediated capacity building in general, including:

- Political will, leadership, national ownership and commitment;

- Holistic development, taking into account the impact of changes across the whole Customs administration, along with other cross-border regulatory agencies;
  - credible and actionable diagnostics, based on international standards and real-world experiences of other Customs administrations;
  - change management competencies, including the empowerment of effective enablers of change;
  - results-based capacity building, with concrete targets, programme and project management techniques, and measurement of implementation and results;
  - integrity and organizational development as an integral part of the capacity building;
  - partnerships at the global, regional and institutional levels between Customs, trade, donors, development agents and academia.
18. In addition to the multi-year implementation support, WCO Members are benefitting from a large number of technical assistance missions focused on individual technical measures such as risk management, post-clearance audit, Time Release Study, Authorized Economic Operators etc.
19. The WCO will continue 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, and that the Programme continues to leverage the WCO’s unique value-added, including its network of accredited and recognized experts and the WCO instruments and tools relating to TFA implementation.

#### **Mercator Programme Annual Report**

20. The 10th meeting of the WCO Capacity Building Committee will see the launch of the first Mercator Programme Annual Report. This report will take stock of the emergence of the Mercator Programme as a unique vehicle for the mobilization of Customs-to-Customs peer-based support within a wider context of TFA implementation. It will highlight the approach, people, instruments, tools and partnerships that underpin the Mercator Programme’s success, while offering specific case studies and lessons learned for the continued roll-out of the Programme. Case studies are designed to demonstrate the intersection between the TFA, relevant WCO instruments, tools and standards and the Mercator Programme, demonstrating the unique potential of the Mercator Programme among a growing range of expert-mediated global supports for TFA implementation.
21. The first iteration of this report will focus on the Mercator implementation experience since the Programme’s launch in 2014, paying particular attention to the tailor-made track. It will explore the Programme’s conceptual development over the early years, followed by actual implementation experiences, where the role of WCO projects, partnerships, experts, instruments and tools will be explored. Subsequent reports will be launched on an annual basis at the WCO Capacity Building Committee, giving specific regard to TFA implementation experiences and the role of capacity building programmes across all WCO regions.

#### **Action requested**

22. Delegates are invited to:

- take note of the progress under the Mercator Programme;
- make further suggestions and recommendations.

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