



WCO WORKING GROUP  
ON THE WTO TRADE  
FACILITATION  
AGREEMENT  
INCLUDING THE JOINT  
SESSION WITH THE 11<sup>TH</sup>  
MEETING OF THE  
CAPACITY BUILDING  
COMMITTEE  
-  
12<sup>th</sup> Meeting  
-  
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Brussels, 23 January 2019.

**TURNING GUIDELINES INTO PRACTICE: RESULTS-BASED SUPPORT FOR SPECIFIC TFA  
TECHNICAL MEASURES**

- a) Time Release Study (TRS)
- b) Post Clearance Audit (PCA)
- c) Transit

**(Item V on the Agenda)**

**I. Background**

1. The WCO has been assisting its Members to implement the technical measures of the Agreement on Trade Facilitation of the World Trade Organization (WTO TFA) by developing and maintaining its relevant instruments and tools and by delivering targeted capacity building support.
2. As per the WTO Trade Facilitation Agreement Database (<https://www.tfadatabase.org/implementation/progress-by-measure>), the provisions on average release times (TFA Art. 7.6) and Post-clearance Audit (TFA Art. 7.5) are among the top ten technical measures notified as Category C provisions by WTO Members. Among all notifications related to Article 7.6, 31% designate the measure as a Category C provision, meaning that developing and least developed countries that are WTO Members will implement the measure after a transitional period of time and after receiving assistance and capacity building support. 5.5% of WTO Members that have ratified the TFA still have to designate their commitment with regard to this measure. The corresponding figures for TFA Article 7.5 on PCA are 25.2% for Category C commitments and 4.9% for no commitment made yet.

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3. On the other hand, TFA Article 11 on Freedom of Transit is of particular importance for enhancing the economic competitiveness of Landlocked Developing Countries (LLDCs) and transit developing countries. The WCO has been focusing much effort in supporting its Members implement the technical measures outlined in TFA Article 11.
4. The purpose of the present document is to provide an update on the latest WCO initiatives in the area of the Time Release Study (TRS), Post-clearance Audit (PCA) and Transit aimed at supporting Members implement the relevant TFA technical measures.

## **II. Latest WCO initiatives**

### **a) Time Release Study (TRS)**

5. The WCO has developed a unique tool known as the Time Release Study (TRS) through which Customs and other regulatory agencies, together with private sector stakeholders, can measure the efficiency and effectiveness of cross-border procedures relating to imports, exports and the transit movement of goods, in a periodic manner. This tool helps in identifying associated bottlenecks so that policy decisions to improve such performance can be well conceived and effectively implemented. The TRS Guide provides an excellent opportunity for WCO Members in planning, conducting and managing time release study projects in their respective countries fulfilling their obligations under Article 7.6 of the WTO Agreement on Trade Facilitation (TFA).
6. Following the publication of the TRS Guide Version 3.0 in 2018, the WCO Secretariat organized two accreditation workshops covering two WCO regions - the East and Southern Africa (ESA) region and the Asia Pacific (AP) region. These workshops were conducted as part of the WCO's strategic approach to increase the pool of Technical and Operational Advisors (TOAs) in the area of TRS, with a view to provide high quality technical assistance to Members. Nine officials from various Customs administrations have been pre-accredited, and some have already been fully accredited as TOAs. These newly accredited TRS experts, along with the existing TRS experts, are actively engaged in providing technical assistance and capacity building support to Members. The Secretariat is exploring possibilities for organizing a few additional TRS accreditation events, particularly with a focus on those WCO regions (e.g. Europe and MENA regions) that do not have many TRS TOAs.
7. Since the WTO TFA entered into force in 2017, several technical assistance missions have been delivered covering all WCO regions. The Secretariat conducted more than 20 technical assistance missions in several countries since the approval of the TRS Guide- Version 3.0 in 2018. It is important to highlight that some of these countries have shared their respective TRS reports and experiences with the WCO Secretariat, as well as at various WCO meetings such as the PTC and TFAWG.
8. The WCO, in cooperation with the Russia Federal Customs Service, also organized a Sub-regional Workshop on "Time Release Study (TRS) for the Commonwealth of Independent States (CIS) Members" from 1 to 5 April 2019, in Saint Petersburg, Russia. Participants representing the Customs Administrations of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Russian Federation, together with other Government Agencies and Private Sector stakeholders from Russia took part. The workshop enhanced the knowledge of participants on the different constructs of TRS and supported them in drafting a summary report expressing their commitment to conduct a TRS in their respective countries in line with the WCO TRS Guide.

9. Additionally, a TRS e-learning module was launched in 2019. The Module is available in English and French on the WCO CLiKC! Platform. The Module is aimed at providing officials from Customs administrations with an opportunity to acquire a deeper understanding of the various activities and processes that need to be accomplished for a successful TRS. This TRS Module is equally available for other cross-border regulatory agencies and private sector stakeholders to assist them in better understanding the TRS concept and associated methodology, given their vital role in the overall clearance and release process.
10. Bearing in mind the operational experiences of Members and their feedback on the use of the TRS Software, as well as the new technological developments, the WCO Secretariat is examining the possibility of updating the TRS Software to be more efficient, modern and robust. To that end, the WCO organized a joint brainstorming workshop with the World Bank Group (WBG) from 9 to 10 September 2019 at WCO Headquarters.
11. This workshop discussed various facets of the TRS Software and related issues, and listed out some broad concepts and technical aspects that could be included in the TRS Software, when potentiality updating it. It was also suggested that some of the new elements included in the recent version of the TRS Guide – Version 3 could also be reflected in the TRS Software. The suggestions included greater use of modern technologies in data collection, collation and analysis for improving TRS processes (e.g. electronic processing systems, Single Windows, smart phones, RFID seals, and GPS-enabled track and trace technologies), automating business process mapping, and enhancing data analytics capabilities.
12. Furthermore, it was indicated that a standardized set of data collecting points (e.g. arrival of cargo, movement to warehouse, and release) should be determined for harmonized application of TRS that would help develop globally comparable outcomes. It is pertinent to mention that the current version of the TRS Software allows Customs administrations, together with other stakeholders, to create a TRS survey form, insert data collected manually or obtained electronically and calculate the average time and other statistic parameters related to clearing/releasing goods from the arrival to the physical release of goods.
13. Going forward, the Secretariat will continue to provide capacity building support and technical assistance to Members for the remaining part of financial year 2019-2020, based on their identified needs. In this regard, the WCO will enhance ongoing collaboration with relevant international organizations and development partners.

#### **b) Post-Clearance Audit (PCA)**

14. Post-Clearance Audit (PCA) is one of the Customs' operations that enables the accomplishment of our common mission: being present at the border to secure and facilitate legitimate trade, realize revenue collection and protect society. The WCO seeks to support Members in implementing PCA in the most effective and efficient way to cope with ever-growing trade volumes. Thus, the establishment and/or enhancement of PCA capabilities within Member administrations has been a priority for the WCO.
15. The WCO PCA Guidelines were adopted by the Council in 2012. These guidelines outline the concept of PCA and address the main components of the process from a strategic and operational perspective.

16. In line with these Guidelines, a Diagnostic Tool on PCA and Infrastructure was developed to enable Member administrations to self-assess the gaps between their existing practices and the Guidelines. This tool is also used by external diagnosticians for the identification, design, implementation and evaluation of appropriate capacity building projects.
17. Following this, Implementation Guidance on PCA was endorsed by the Enforcement Committee in 2016, to support Members seeking to embark on reform initiatives within the framework of existing resources, towards the introduction or enhancement of PCA in their respective administrations.
18. The How to Audit Typology was endorsed by the Enforcement Committee in 2017 as a technical reference for frontline auditors. This typology provides auditors with information on the modus operandi of common irregularities around the world and practical techniques to find them so that auditors can identify more irregularities and provide the option for traders to correct their errors.
19. Concurrent with the development of these tools, capacity building activities were launched in 2014 after new online PCA training modules were developed. The purpose of these activities is primarily to introduce the WCO tools on PCA and to build expert networks to support enhancement of information exchange within these regions.
20. Since then, several regional and sub-regional workshops have been conducted to raise awareness of the concept of PCA and to share audit techniques among Members. Also, a number of tailor-made national technical assistance missions were delivered.
21. To facilitate informal information exchange, the WCO has established the PCA Information Exchange Forum on the WCO CLiKC! e-learning platform. Officials who have participated in previous WCO accreditations or regional workshops on the topic of PCA have been invited and are now actively exchanging information on how they conduct audits in their respective administrations.
22. While capacity building activities are usually conducted for developing Members, the Secretariat has also found it very useful for experienced Members to exchange information among themselves, particularly on technical aspects of PCA which provide additional references for other Members. The Secretariat is actively promoting information exchange between Members whenever possible on a continuous basis.
23. The HMRC-WCO-UNCTAD Trade Facilitation Agreement Capacity Building Programme, funded by the Commonwealth Heads of Government Meeting (CHOGM) via Her Majesty's Revenue and Customs (HMRC) of the United Kingdom, operates under the WCO Mercator Programme and provides dedicated PCA expertise to deliver in-country PCA capacity building support in various regions.
24. Through the Mercator capacity building support to Members, the Secretariat has been able to gain a better understanding of individual Members' needs in PCA and has consolidated these perspectives into an Advanced PCA Workshop Package. This Advanced Workshop Package, funded through the HMRC-WCO-UNCTAD Programme, focuses on system-based audit methodologies and case study exercises, directly responding to the requests of Members benefiting from the Mercator Programme.
25. Even though this material was developed mainly based on the feedback from administrations using manual audit processes, the advanced workshop material may be

used by all Members that have classified TFA Article 7.5 under Category C. Since November 2019 the Package has been available to Members on request through the Regional Offices for Capacity Building (ROCB).

26. Since the first pilot in 2018, the Advanced PCA Workshop Package has been rolled out to more than 7 countries in the Asia Pacific and East and Southern Africa Regions. The workshop has also been enhanced to include accounting and an additional case study is being developed on the mining sector, which constitutes an important sector in many countries. The WCO will continue to develop material for case studies on different industries to address specific complex audit challenges faced by Members, following the same system-based audit methodology.
27. As a result of these pilot workshops, some Members who have previously been conducting transactional desk reviews without visiting the trader's premises, are now conducting on-site audits at the client's premises using the techniques and tools provided in this Package. In this regard, the pilot workshops have indeed helped participants to develop the necessary confidence and skills to conduct on-site audits using the system-based audit approach and techniques.
28. The Secretariat will continue to work with the Members to develop tools that will provide hands-on and practical support in complying with Article 7.5 of the TFA. The aim is to shift the role of PCA from a transaction-based enforcement function to a trader-based compliance management tool that seeks to strike a balance between facilitation and control.
29. In the current financial year, the WCO has delivered several joint missions on PCA with the WCO-Finland East and Southern Africa (ESA) Programme II in Eswatini, Zimbabwe, Malawi and Zambia.

### **c) Transit**

30. The WCO contributes to improving the transit systems of its Members, especially the LLDCs and transit developing countries, by setting standards for simplified and harmonized border procedures, delivering capacity building projects and enhancing cooperation and coordination with other development partners.
31. With regard to the standard-setting area, the instruments and tools that support the implementation of TFA Article 11 *Freedom of Transit* are the Revised Kyoto Convention (RKC) and the RKC Guidelines, the WCO Transit Handbook launched in 2014, as well as the WCO Transit Guidelines launched in 2017 at the first WCO Global Transit Conference.
32. The Secretariat is currently developing a new tool on transit - a Compendium of best practices in the area of transit aimed at supporting Members with practical examples of enhancing the transit regimes efficiency and effectiveness. The first draft of the Compendium was presented to the October 2019 Permanent Technical Committee (PTC) and is available as Annex to document PC0566. The best practices were collected through a series of regional workshops and as a result of a call for submission of best practices by Members. The Compendium includes a separate section for each WCO region. The best practices per region cover various aspects of transit as outlined in the Transit Guidelines - legal framework, ICT and efficient information management, guarantee system, simplification of formalities, etc. The final draft of the Compendium will be presented for endorsement by the PTC in April 2020 and by the Policy Commission and Council in June 2020.

33. With regard to capacity building, following the launch of the Transit Guidelines, the WCO put the focus on promoting the implementation of the Transit Guidelines and collecting regional and national best practices in the area of transit. For this purpose, in the period November 2017 – April 2019, the WCO delivered regional workshops on Transit for all six WCO regions. The six regional workshops benefitted from more than 260 participants, including private sector representatives and participants from partner international organizations, regional organizations and development partners. For the financial year 2019-2020, funding has been secured for two workshops on transit - a sub-regional workshop for the Members of the Association of Southeast Asian Nations (ASEAN) and a regional workshop for the WCO West and Central Africa region.
34. With a view to expanding its network of accredited experts, the WCO organised two accreditation workshops for transit experts – in March 2016 and in March 2019 for English and French speaking experts respectively. Following those workshops and in-field activities, the WCO now has a pool of more than 15 accredited and pre-accredited transit experts from Member Customs administrations from five of the WCO regions.
35. In addition to the support provided through the delivery of workshops and implementation of projects and programmes, the WCO promotes e-learning as an effective way to provide Members with technical knowledge on transit and other trade facilitation measures. In March 2016, the WCO added on its e-learning platform - CLiKC!, a new e-learning module on transit, which introduces the principle of freedom of transit, the Vienna Programme of Action for LLDCs, as well as various international standards and WCO tools for the establishment of efficient transit regimes.
36. In its work in the area of transit, the WCO maintains close coordination and cooperation with a number of international organizations and development partners such as the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLLS), the WTO, the World Bank, the United Nations Economic Commission for Europe (UNECE), the International Road Transport Union (IRU), the United Nations Conference on Trade and Development (UNCTAD), the Japan International Cooperation Agency (JICA), the Asian Development Bank (ADB), and the African Development Bank (AfDB), etc.
37. The WCO contribution to overcoming the challenges faced by LLDCs was recognised by the UN system during the High-level Midterm Review on the implementation of the Vienna Programme of Action for LLDCs, which was held on 5-6 December 2019 at the UN Headquarters in New York. WCO Secretary General Dr. Kunio Mikuriya participated in an interactive panel on promoting trade, trade facilitation and structural economic transformation in LLDCs, which was held as part of the High-level Midterm Review. Dr. Mikuriya spoke of the WCO contribution to the implementation of the VPoA over the 5-year period since its adoption, underscored the importance of simplified and harmonized Customs procedures for facilitating trade in LLDCs and transit developing countries and highlighted some of the WCO instruments, tools and programmes that enable the VPoA implementation. He reconfirmed the WCO's strong commitment to support the implementation of the Programme of Action.

### **III. Action required**

38. The delegates to this meeting are invited to:

- take note of the information on the latest WCO initiatives in the area of the TRS, PCA and Transit; and,
  - provide any further suggestions for the way forward in supporting Members to improve their capabilities in these areas.
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