

Developments and Future of the TFA

Mr. Shujie ZHANG

WCO Accredited Expert

March 27-28, 2017, Incheon, Korea



Personal touch with TF!

Incheon Int'l
Airport: winner
of *the Airport of
the Year* title at
the *World
Airport Awards*

No. 3 in 2017



Outline

1

Re-exploring TF assumptions

2

Charting the Roadmap

3

Linking with RTAs

4

Looking into the Future



Changing Landscape: Government to Governance

- Demarcation of the responsibility of government, market and social sectors
- Government is the key part of policy network but not the only one
- Stakeholders are mobilized to solve “complex and vicious public problem”
- TF is a typical “complex and vicious public problem”

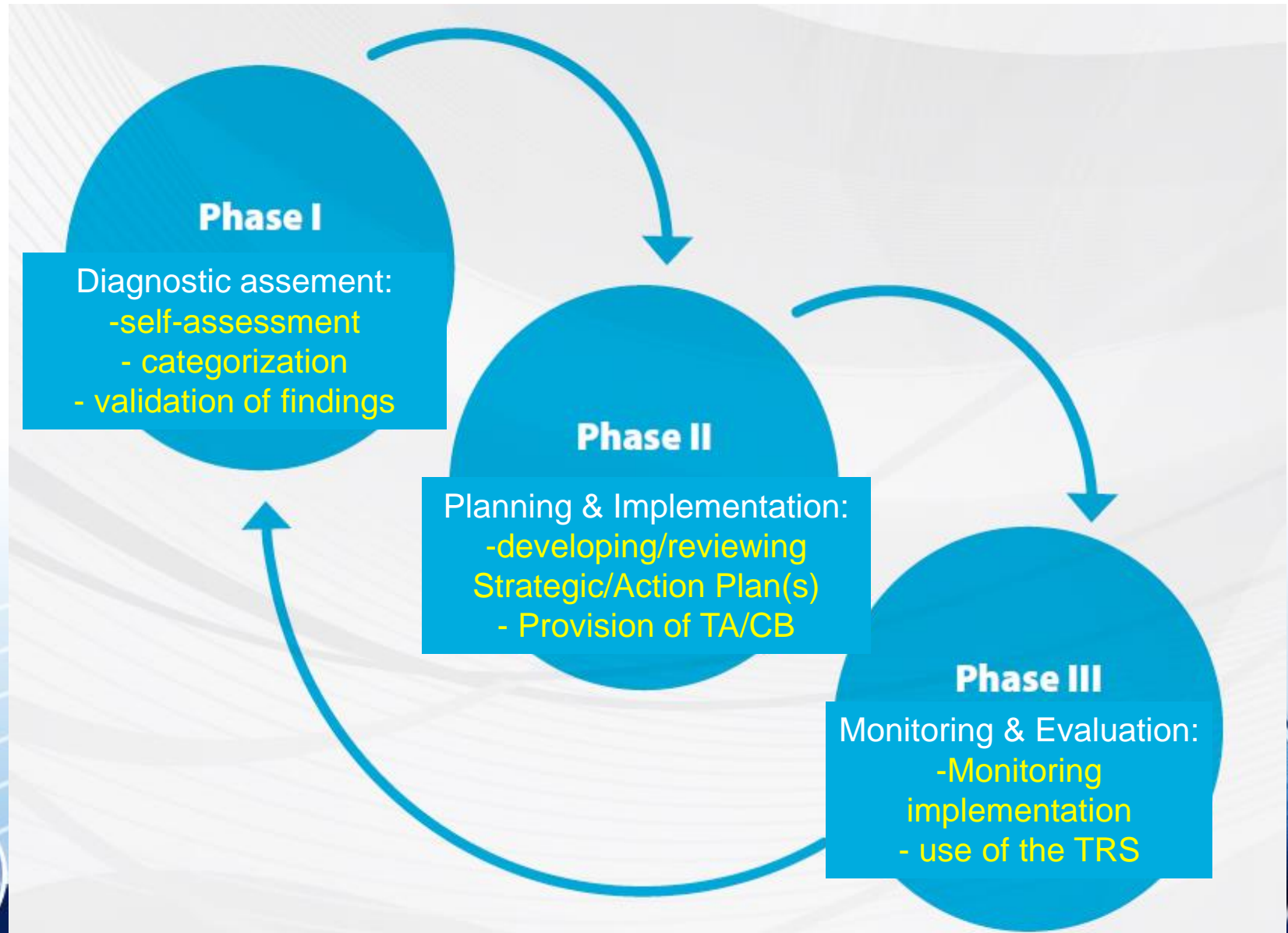


What is TF: assumptions

- **Integral part of national competitiveness and development strategy**
 - Taking advantage of globalization
 - Creating conducive environment for business
- **Governance reform**
 - collaborative management on complex issues
 - hardware + software
 - back to principles: transparency, predictability...
 - Holistic approach to the supply chain and service chain
- **Public-Private Partnership in a broad sense**
 - Customs-business partnership promoted by the WCO



Phase Approach in the WCO Mercator Program



Timeline for China TFA Implementation!

July 30 2014

*Notification of
Category A
provisions*

9th out of 83

Sept. 4, 2015

*Notification of the
acceptance of the
Protocol of
Amendment*

(16th of 79)

March 27, 2016

*Inter-ministerial
Conference
Mechanism for
Trade Facilitation
Work*



Category B Previsions notified by China

- Article 7.6: Establishment and Publication of Average Release Times
- Article 10.4: Single Window
- Article 10. 9: Temporary Admission of Goods and Inward and **Outward Processing**
- Article 12: Customs Cooperation



Latest talk in CBC meeting: stakeholder engagement

- Mapping stakeholders
- National Policy dialogues
- Stakeholder engagement strategy
- Enhancing the mechanism on NCTF



Operating the National Committee on TF(NCTF) in China

- **Inter-ministerial Conference Mechanism for Trade Facilitation** (China National TF Committee) in **March 27, 2016**
 - **Main Responsibilities:**
 - strengthening general guidance on trade facilitation, exploring policy and measures to improve trade facilitation
 - coordinating trade facilitation policy among different ministries
 - providing guidance on the implementation of the agreement, coordinating and solving major problems in the implementation of the agreement
 - summarizing and promoting trade facilitation experience, making overall planning of international cooperation and exchange in trade facilitation.



- cont.

- ■ Organization Structure:
16 members: Ministry of Commerce, National Development and Reform Commission, Ministry of finance, Ministry of Communications, General Administration of Customs (GACC) , General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ)...

Chair: Vice Premier of the State Council

Vice Chair: heads of Ministry of Commerce, GACC and AQSIQ and Deputy Secretary-General of the State Council



- Cont.

- **Customs and Trade Facilitation Committee within the framework of China International Chamber of Commerce on June 14, 2016**
- **Parallel forum on TF joined by business stakeholders**



Incorporating TF into national strategy

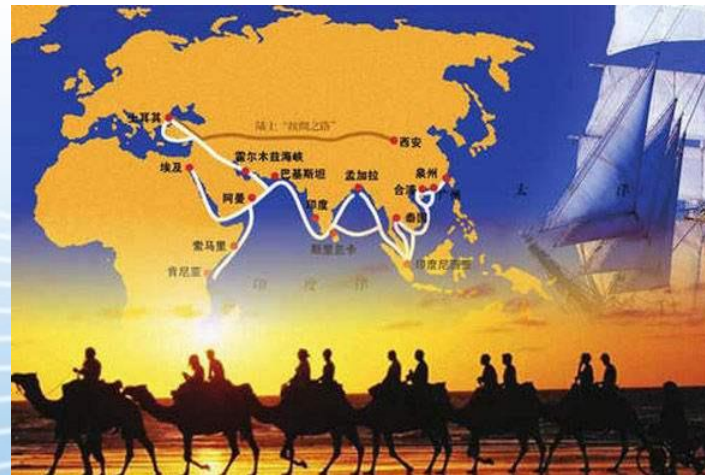
- Decision of the Central Committee of the Communist Party of China Concerning Comprehensively Deepening the Reform (2014- 2020)
- The 13th Five-Year Strategic Plan for Economic and Social Development



Broader TF: One Belt One Road (OBOR) Initiative

Launched by the Chinese Central Government in 2013

- Silk Road Economic **Belt** and 21st-Century Maritime Silk **Road**
- Connectivity: policy, infrastructure, trade, finance and culture
- OBOR Customs Forum in 2015



Case: Shanghai Pilot Free Trade Zone

- National strategy for new-round reform and opening (TPP, TTIP)
- Key initiative for Shanghai to establish its as the economic, logistics, financial and innovation hubs
- Covering 28.78 sq. km
- TF is at the core of innovation of trade processing and regulation
- 11 TF reform measures implemented by border agencies



China Customs Reform: looking back

Step	Core element	Target
Modernization Strategy Phase I: 1998-2003	Reengineering Customs clearance and processing system	Well functional in “limbs”
Modernization Strategy Phase II: 2004-2010	Establishing and enhancing risk management	Smart in “mind”



** Every initiative has set clearer*



Comprehensive Reform on TF: Two Key Policy Decisions

Date	2014. Nov	2015 Feb
Document	Master Plan for Comprehensive Reform of China Customs	Master Plan for Enhancing Integrated Customs Clearance under the Principle of 3M



Revolutionary shift for Customs Clearance

First step:

Regional
Integrated
Customs
Clearance

- Beijing-Tianjin-Hebei
- Yangtze River Delta
- Pearl River Delta



Second step:
Nationwide
Integrated
Customs
Clearance



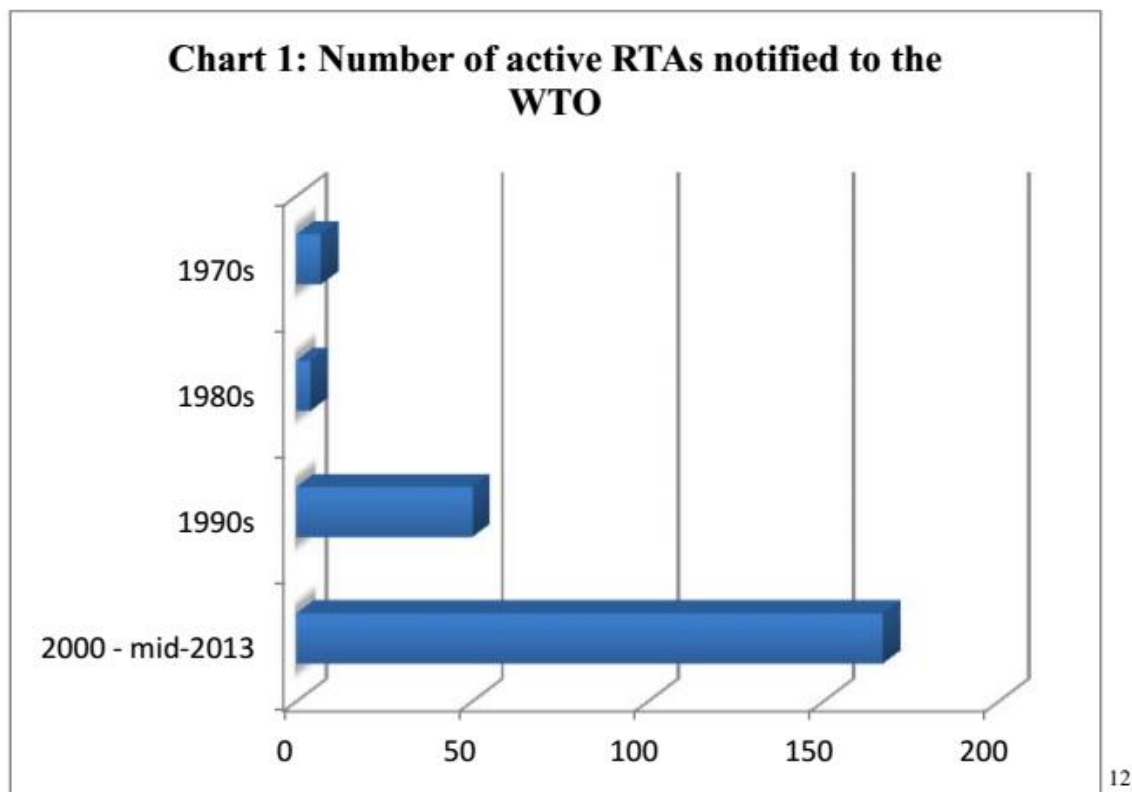
Institutional Arrangement for China Customs Reform

Revenue
Collection
Center

Risk
Prevention
and
Targeting
Center



TFA and Regional Trade Agreements(RTAs): Convergence

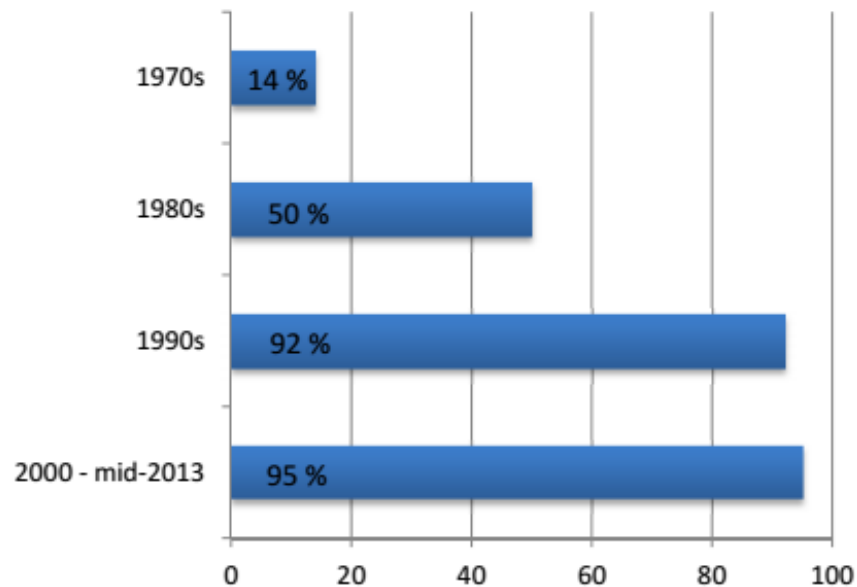


Source: Nora Neufeld. 2014.
Trade Facilitation Provisions in RTAs: Traits and Trends

Source: Calculations by the author based on information contained in the WTO's RTA database.



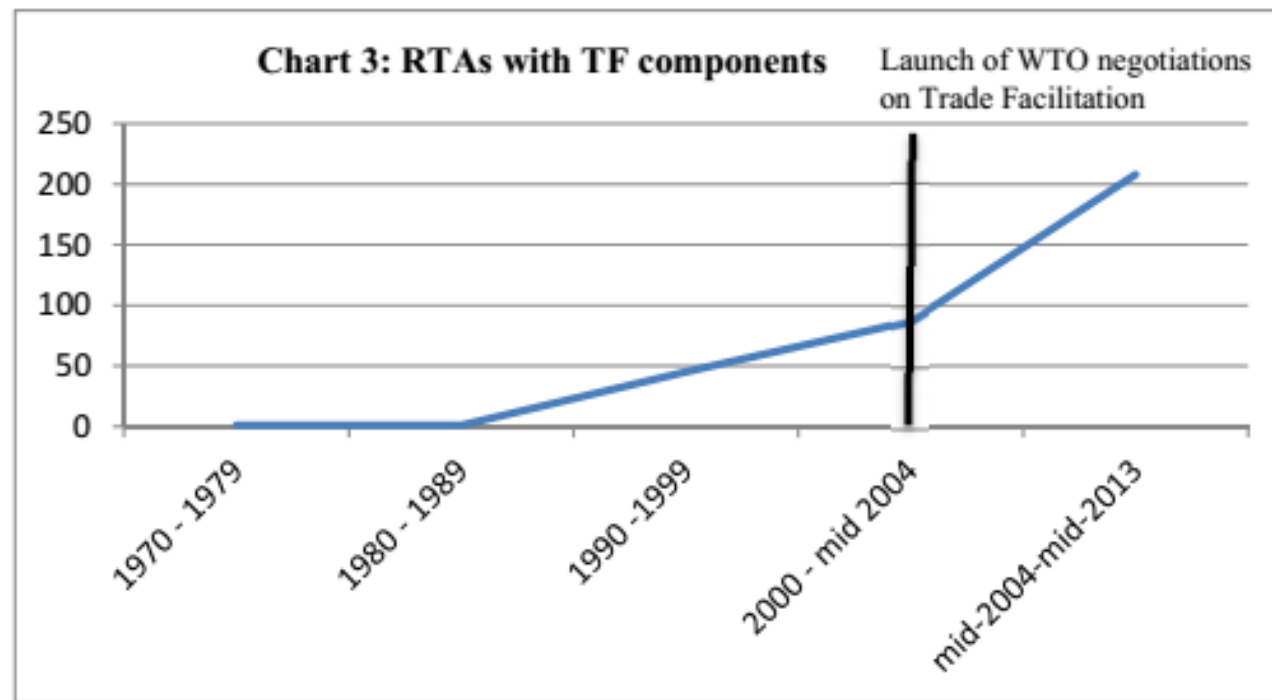
Chart 2: RTAs containing Trade Facilitation components (in percentage of total Agreements)



Source: Calculations by the author based on information contained in the WTO's RTA database.

Launch of WTO Negotiations on TF





Source: Calculations by the author based on information contained in the WTO's RTA database.



Implementing TFA collaboratively

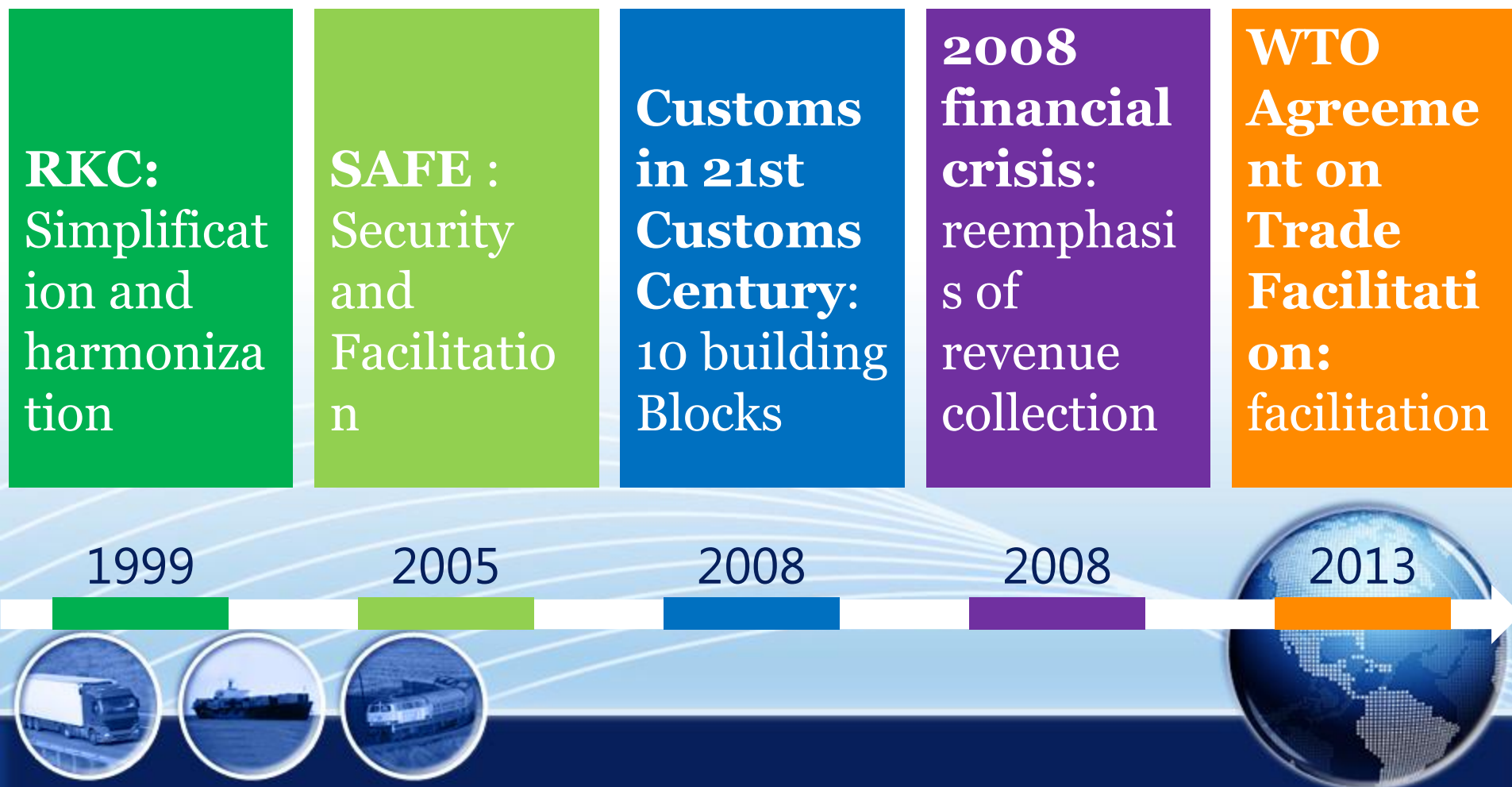
- China-EU Secure and Smart Trade Lane Project (SSTL) from 2006
- One-Stop Customs Inspection between Hongkong and Mainland Customs
- Ongoing negotiation on data exchange on certificates of origin between China and Korea



Faster is better?



Facilitation & Security: Back and Forth



Customs Changing Role: Spectrum

Revenue collection

- Developing country
- Affiliated to Ministry of Finance
- Revenue Authority

Contingencies: Evolutionary or Revolutionary

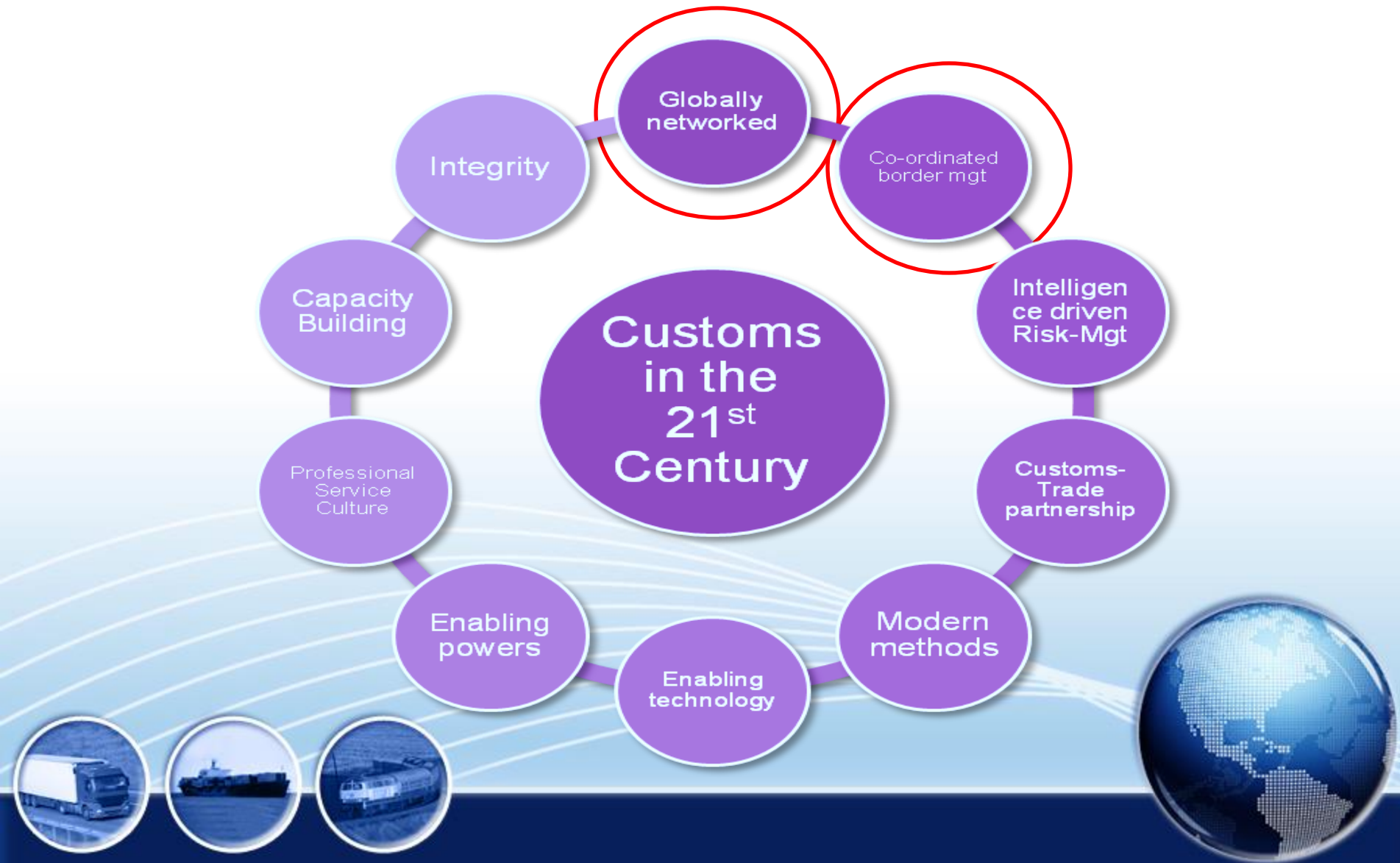
- Stage and structure of economic development
- Political tradition
- Administrative tradition and reform
- Priorities of international Customs community
- Key unexpected events

Border Protection

- - Developed members
- Integrated with border protection agencies



GNC & CBM: Key Building Blocks for future Customs



What about the other 1/3 WTO members?

All 164 Members must ratify

obligations commence from date of
deposit of instrument of acceptance



Full Compliance and Implementation?

- The timeline varies member by member
- S&D Treatment: two-blade sword
- Moving to the high end of the TF spectrum for each TFA substantive measure
 - Single window, TRS
- Going beyond the TFA
- Embracing new horizons in international trade:
 - Fragmentation incurred by cross-border e-commerce
 - Service trade



Let's join
to Take Forward Action!





THANKS!

Mr. Shujie ZHANG
Acting Director, Department of Training,
Shanghai Customs College

Mail: shujie2010@hotmail.com

Mobile: 86 18221122029

