Asia-Pacific Trade Facilitation Forum 2019
17-18 September 2019, New Delhi, India

Digital Implementation of the WTO Agreement on Trade Facilitation

Xiaobing Tang
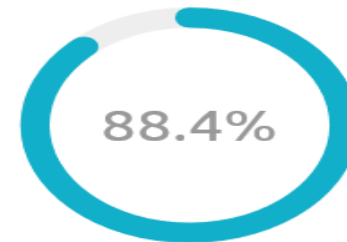**Senior Counsellor**
World Trade Organization

An Overview of TFA Implementation
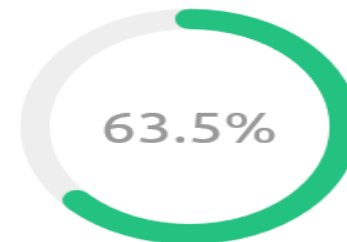
Ratification

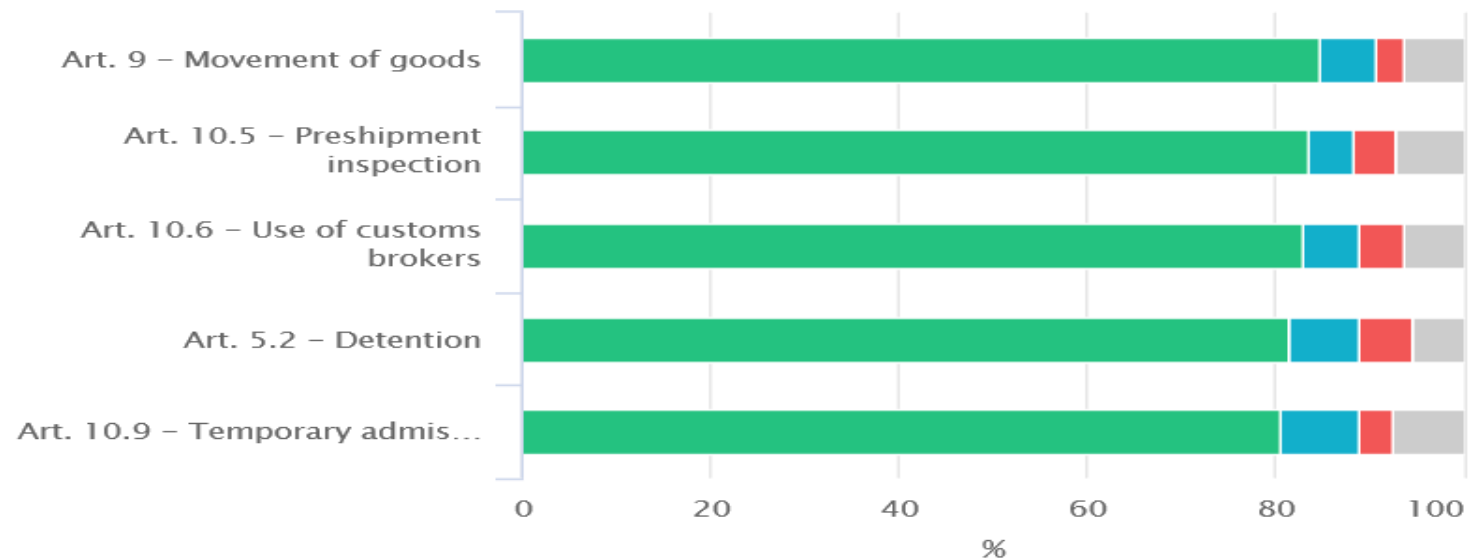**145** Members have ratified the TFA

VIEW MORE

88.4%

Implementation

The rate of implementation commitments to date stands at:

VIEW MORE

63.5%

Top 5 measures with highest implementation rate ☰

Based on implementation commitments by all WTO Members

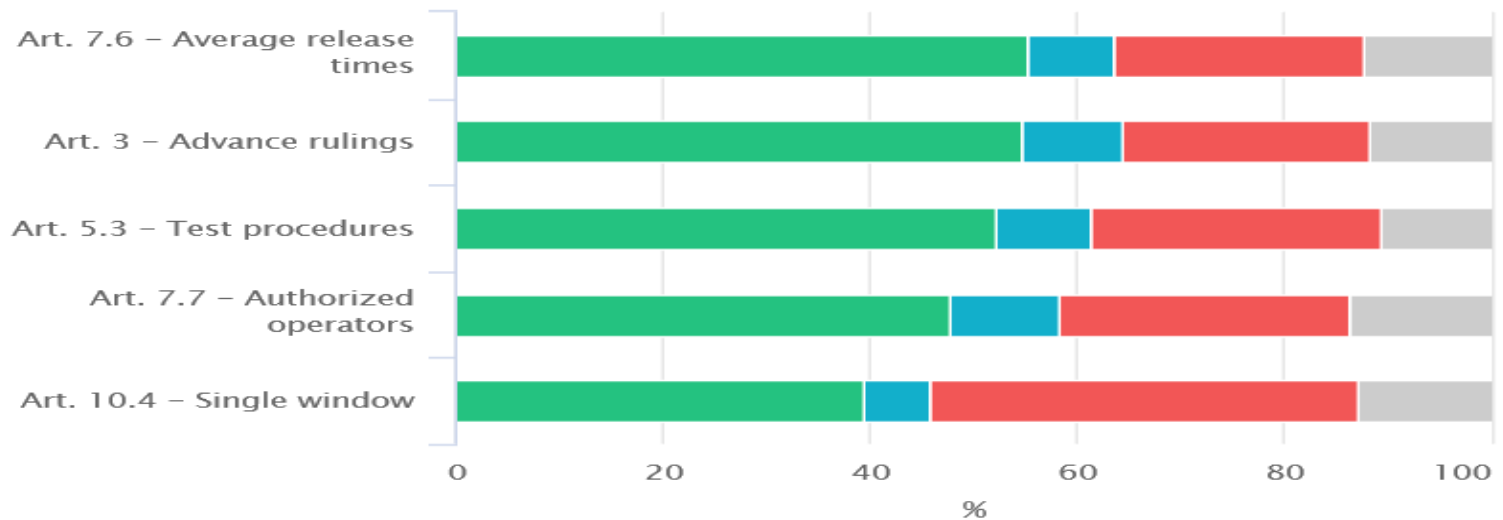| Measure	
Art. 9 – Movement of goods	
Art. 10.5 – Preshipment inspection	
Art. 10.6 – Use of customs brokers	
Art. 5.2 – Detention	
Art. 10.9 – Temporary admis...	

0   20   40   60   80   100

%

● Rate of implementation commitments today
● Rate of implementation commitments requiring additional time and assistance

Bottom 5 measures with lowest implementation rate ≡

Based on implementation commitments by all WTO Members

● Rate of implementation commitments requiring additional time
● Rate of implementation commitments yet to be designated
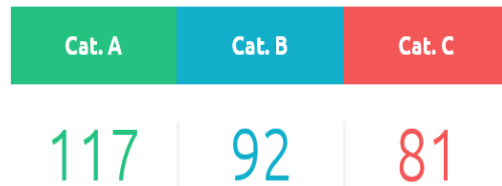
Rate of implementation commitments by measure

Based on implementation commitments by all WTO Members

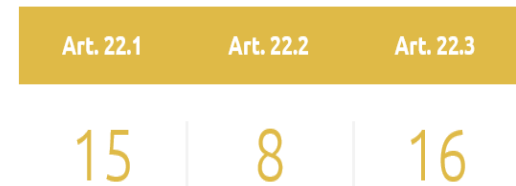- ● Rate of implementation commitments today
- ● Rate of implementation commitments requiring additional time
- ● Rate of implementation commitments requiring additional time and assistance
- ● Rate of implementation commitments yet to be designated
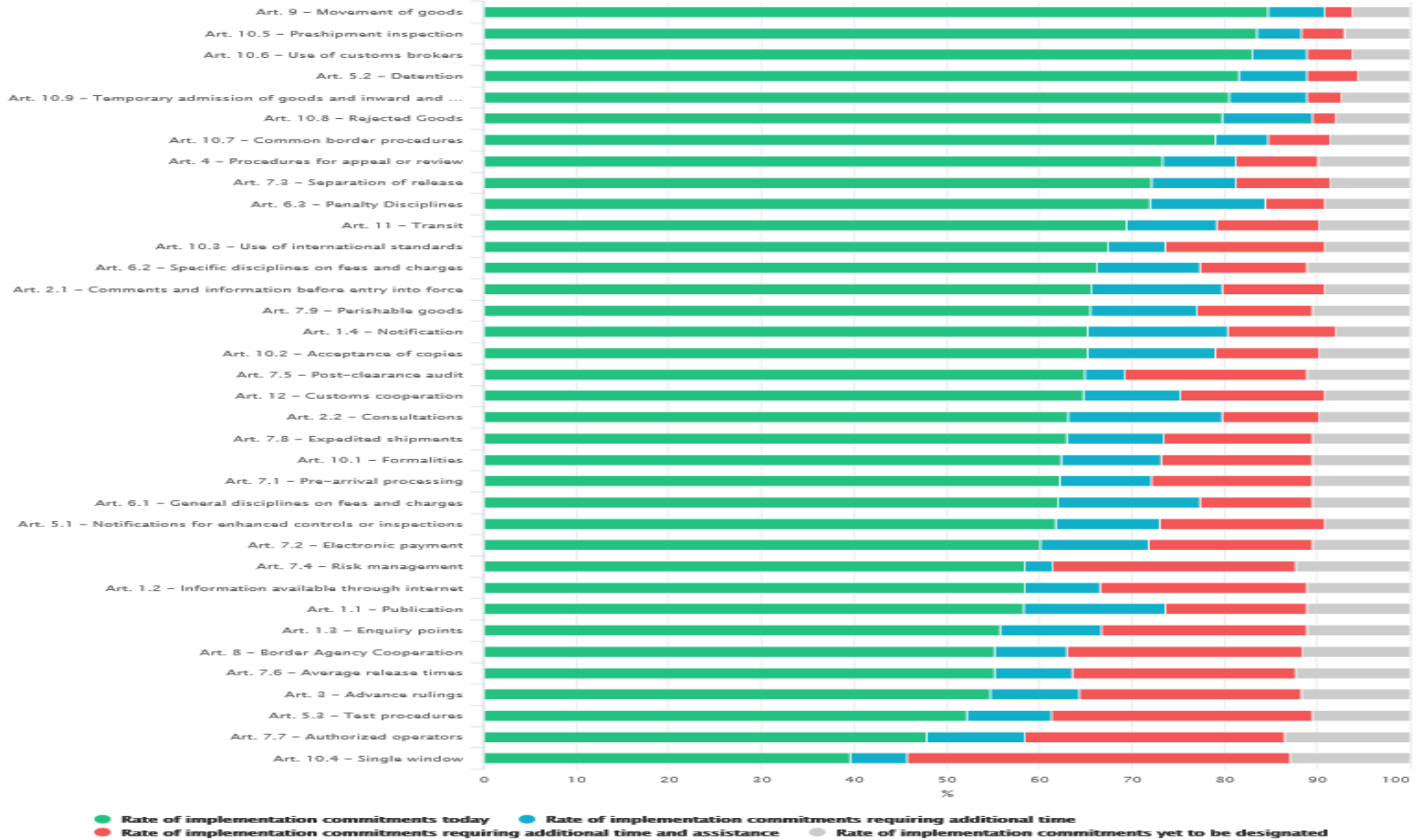
Notification tracker

IMPLEMENTATION NOTIFICATIONS

Cat. A	Cat. B	Cat. C
117	92	81

TRANSPARENCY NOTIFICATIONS

Art. 1.4	Art. 10.4.3	Art. 10.6.2	Art. 12.2
80	64	77	71
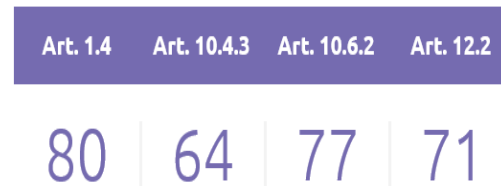
ASSISTANCE FOR CAPACITY BUILDING

Art. 22.1	Art. 22.2	Art. 22.3
15	8	16

ⓘ explain these figures

Recent notifications

Sri Lanka	27 August 2019
Pakistan	27 August 2019
Costa Rica	27 August 2019

Recent notifications

Brazil	15 August 2019
Peru	12 August 2019
Grenada	7 August 2019

Recent notifications

Sri Lanka	12 August 2019
Grenada	7 August 2019
Mauritius	1 August 2019

TFA Implementation by Asia Pacific Members of WTO

Members that have NOT YET ratified the TFA from the Asia & Pacific region

Maldives

Solomon Islands

Vanuatu

Tonga

ASIA PACIFIC

And in Asia and the Pacific... (of 28 developing WTO Members, having ratified the Agreement)

Category A	Category B	Category C	Not yet notified any designation
28	24	17	0

Share of Categories A, B, C
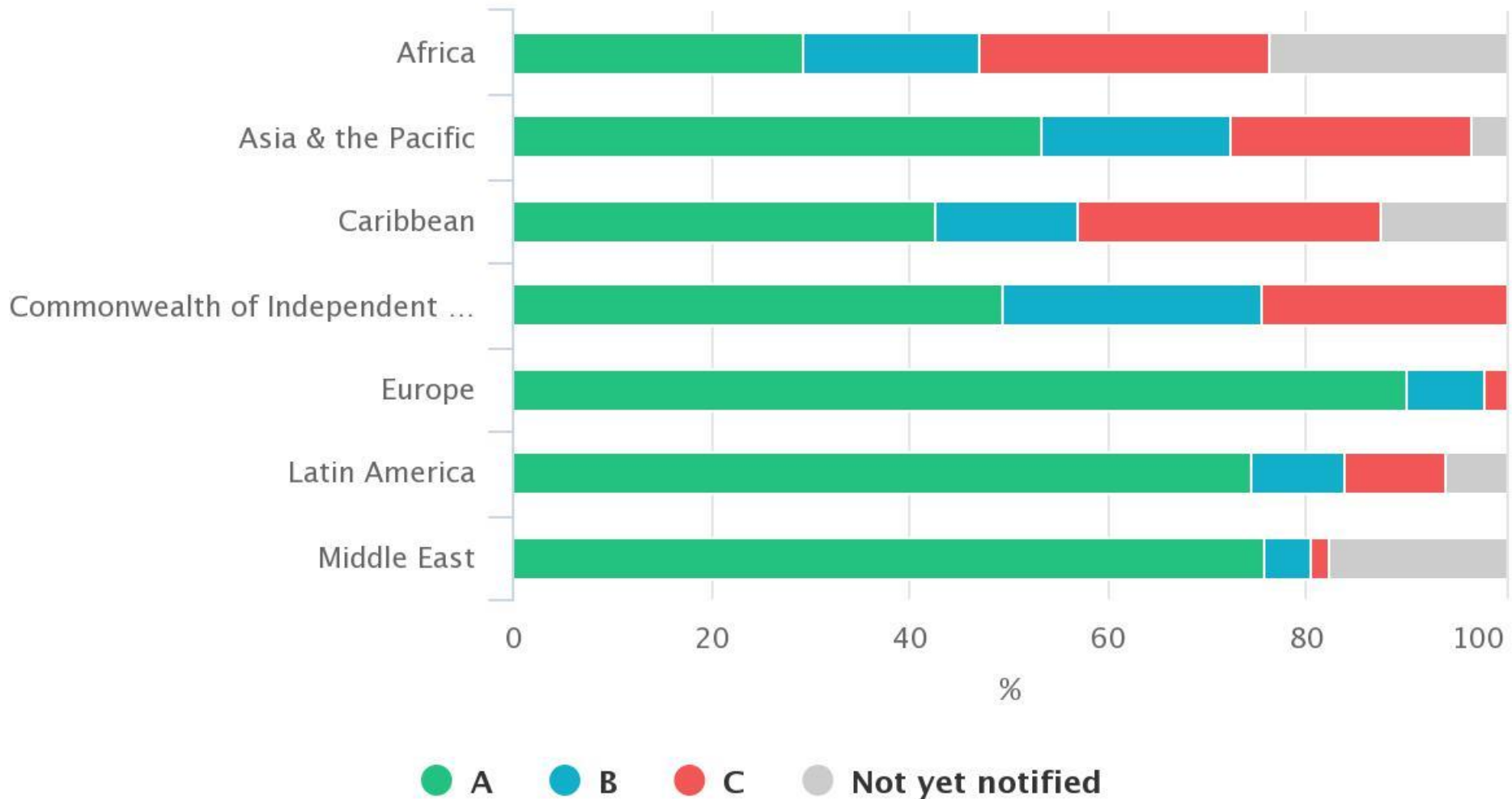
Based on % of all notifiable article items
Region: Asia & the Pacific

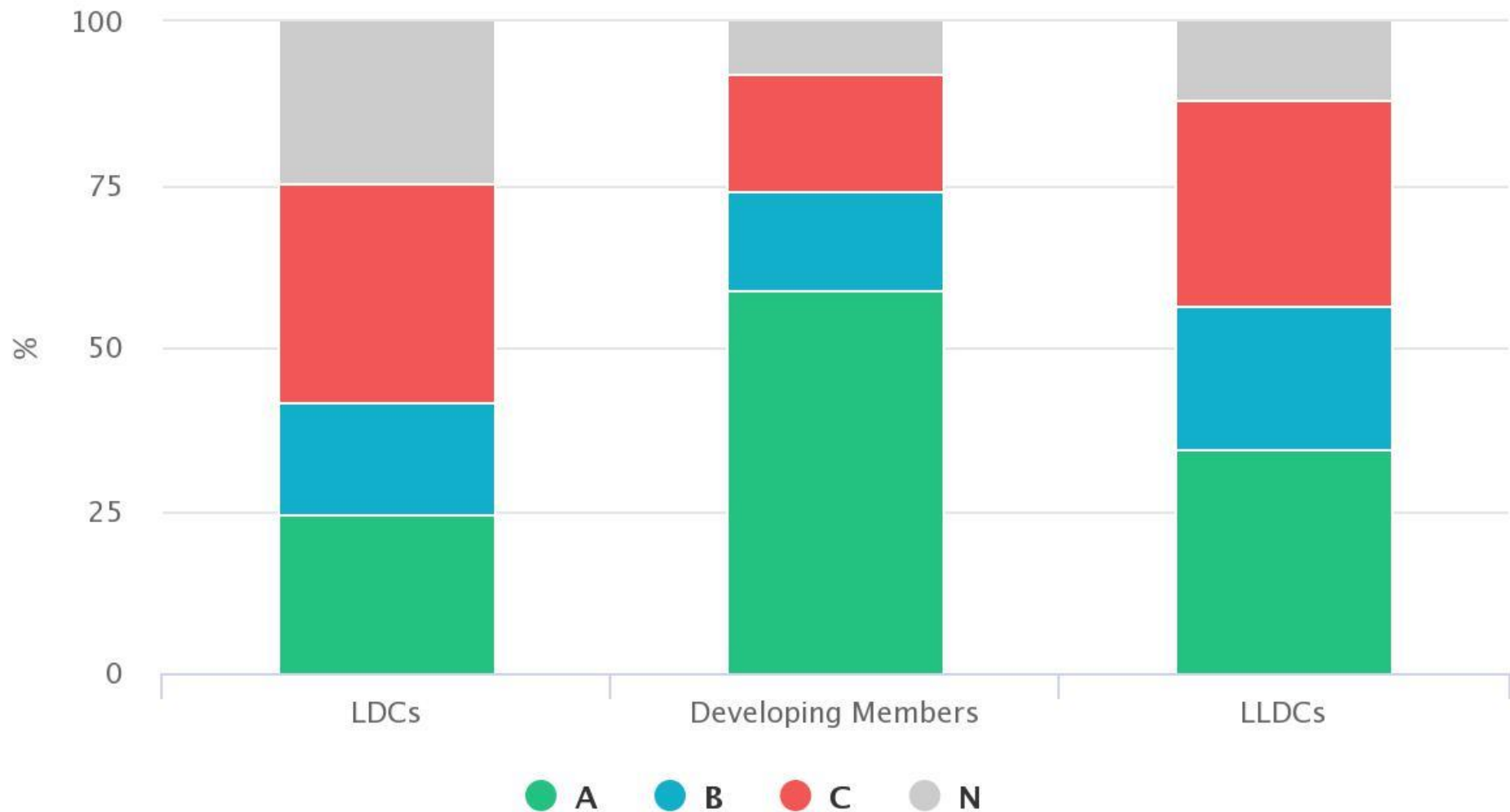● A – 53.2%   ● B – 19.0%   ● C – 24.4%   ● Not yet notified – 3.4%

TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

Share of Categories A, B, C by region

Based on % of all notifiable article items

Legend: A (green), B (blue), C (red), Not yet notified (grey)

Regions (top to bottom): Africa, Asia & the Pacific, Caribbean, Commonwealth of Independent ..., Europe, Latin America, Middle East

X-axis: % (0, 20, 40, 60, 80, 100)

Share of Categories A, B, C by grouping

Based on % of all notifiable items

TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

Asia & Pacific A-K – Notification status

Member	Notified A	Notified B	Notified C	Not yet notified
Afghanistan	11.3%	31.1%	57.6%	0.0%
Bangladesh	34.5%	38.2%	27.3%	0.0%
Brunei Darussalam	91.6%	8.4%	0.0%	0.0%
Cambodia	60.9%	19.3%	19.7%	0.0%
China	94.5%	5.5%	0.0%	0.0%
Fiji	32.4%	35.3%	32.4%	0.0%
Hong Kong, China	100.0%	0.0%	0.0%	0.0%
India	72.3%	27.7%	0.0%	0.0%
Indonesia	88.7%	11.3%	0.0%	0.0%
Korea, Republic of	100.0%	0.0%	0.0%	0.0%

Asia & Pacific L-P – Notification status

Member	Notified A	Notified B	Notified C	Not yet notified
Lao People's Democratic Republic	21.0%	11.8%	67.2%	0.0%
Macao, China	98.3%	1.7%	0.0%	0.0%
Malaysia	94.1%	5.9%	0.0%	0.0%
Mongolia	23.5%	36.1%	40.3%	0.0%
Myanmar	5.5%	9.2%	85.3%	0.0%
Nepal	2.1%	12.2%	85.7%	0.0%
Pakistan	25.6%	42.9%	31.5%	0.0%
Papua New Guinea	31.1%	27.3%	41.6%	0.0%
Philippines	93.3%	5.0%	1.7%	0.0%

Asia & Pacific S-Z – Notification status

Member	Notified A	Notified B	Notified C	Not yet notified
Samoa	39.9%	30.3%	29.8%	0.0%
Singapore	100.0%	0.0%	0.0%	0.0%
Solomon Islands	21.0%	43.7%	35.3%	0.0%
Sri Lanka	29.0%	1.7%	69.3%	0.0%
Chinese Taipei	100.0%	0.0%	0.0%	0.0%
Thailand	91.6%	8.4%	0.0%	0.0%
Tonga	12.2%	55.9%	31.9%	0.0%
Vanuatu	42.0%	33.2%	24.8%	0.0%
Viet Nam	26.5%	48.7%	24.8%	0.0%

Notification of Technical Assistance and capacity building support for category C designations

Notification requirement	Overall		Developing		LDCs	
Notify Category C Technical Assistance Requirements			Due by 22/02/2017		Due by 22/02/2019	
Number of Members that have presented Cat. C commitments	81		55		26	
Members that have presented ALL technical assistance requirements	59	73%	52	95%	7	27%
Members that have NOT yet presented ANY technical assistance requirements	19	24%	1	2%	18	69%
Members that have presented SOME technical assistance requirements	3	4%	2	4%	1	4%

https://www.tfadatabase.org/notifications/technical-assistance

Type of technical assistance requested

Type	Share of technical assistance requested (%)
Human resources and training	~44
Legislative and regulatory frame...	~41
Information and communication ...	~38
To be determined	~32
Infrastructure and equipment	~23
Institutional procedures	~22
Diagnostic and Needs Assessment	~13
Awareness-raising	~8
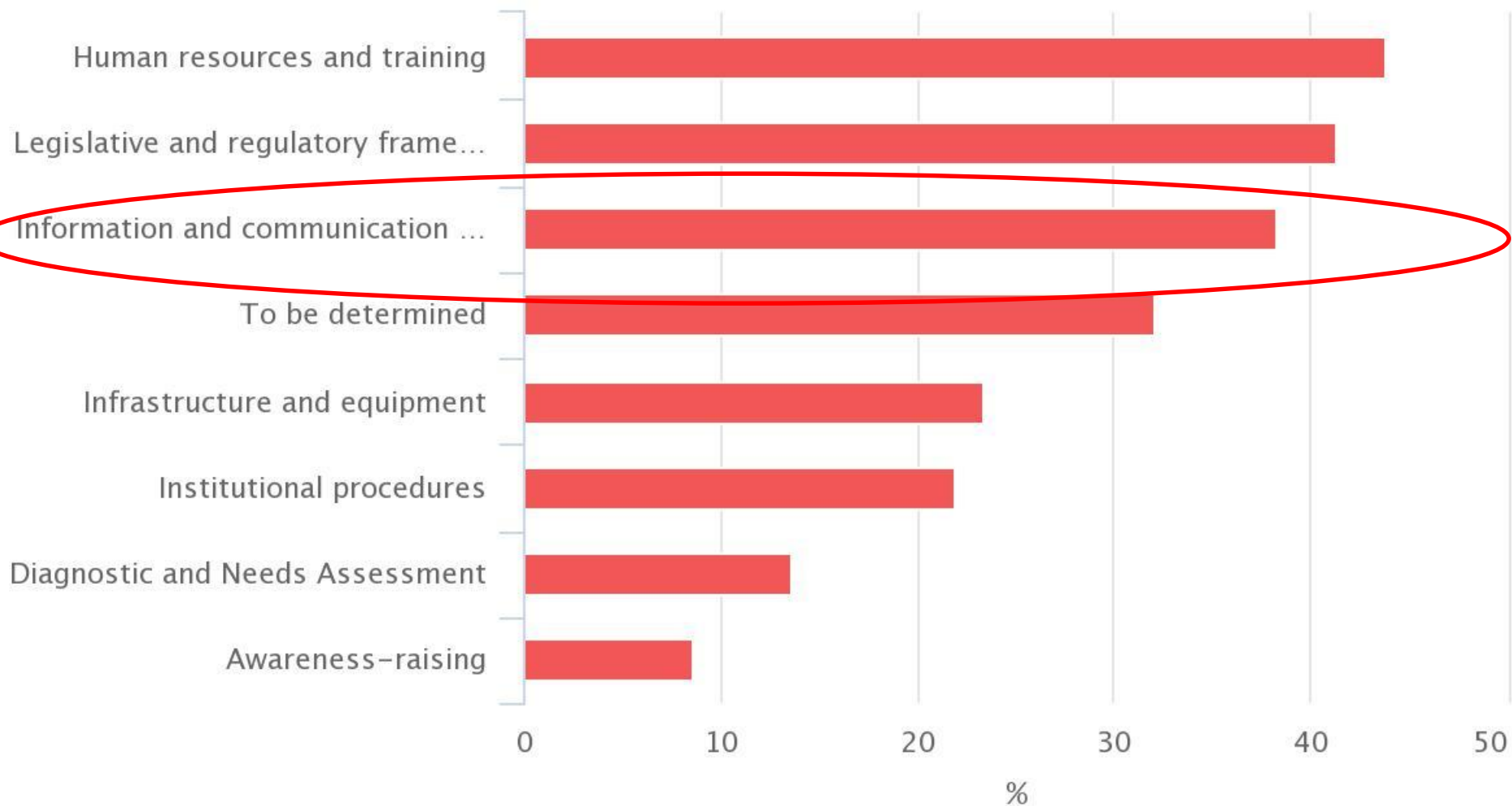
● **Share of technical assistance requested**

Transparency notifications status in Asia & Pacific A - M

Out of 32 Members of the Asia Pacific region, 17 have presented some transparency notifications:

Member	1.4	10.4.3	10.6.2	12.2.2
Australia	✔	✔	✔	✔
China	✔		✔	
Hong Kong, China	✔	✔	✔	✔
India	✔	✔	✔	✔
Indonesia	✔	✔	✔	✔
Japan	✔	✔	✔	✔
Korea, Republic of	✔	✔	✔	✔
Lao People's Democratic Republic	✔	✔	✔	
Macao, China	✔	✔	✔	✔
Maldives	✔			
Mongolia	✔			

Note: these notifications are required by all WTO Members (developed, developing and LDCs).

https://www.tfadatabase.org/notifications/transparency

Transparency notifications status in Asia & Pacific N - Z

Out of 32 Members of the Asia Pacific region, 17 have presented some transparency notifications:

Member	1.4	10.4.3	10.6.2	12.2.2
New Zealand	✓	✓	✓	✓
Pakistan	✓		✓	
Philippines	✓		✓	✓
Singapore	✓	✓	✓	✓
Chinese Taipei	✓	✓	✓	✓
Thailand	✓	✓	✓	

Note: these notifications are required by all WTO Members (developed, developing and LDCs).
https://www.tfadatabase.org/notifications/transparency

Top 5 measures with highest implementation rate

Based on implementation commitments by all WTO Members

Art. 9 – Movement of goods

Art. 10.5 – Preshipment inspection

Art. 10.6 – Use of customs brokers

Art. 5.2 – Detention

Art. 10.9 – Temporary admission…

0   20   40   60   80   100

%

- Rate of implementation commitments today
- Rate of implementation commitments requiring additional time
- Rate of implementation commitments requiring additional time and assistance
- Rate of implementation commitments yet to be designated

https://www.tfadatabase.org/implementation

Bottom 5 measures with lowest implementation rate

Based on implementation commitments by all WTO Members

- **Rate of implementation commitments today**
- **Rate of implementation commitments requiring additional time**
- **Rate of implementation commitments requiring additional time and assistance**
- **Rate of implementation commitments yet to be designated**

Top 5 measures with highest implementation rate in **Asia & Pacific**

Based on implementation commitments by all WTO Members
Region: Asia & the Pacific

- Art. 10.6 – Use of customs brokers
- Art. 10.5 – Preshipment inspection
- Art. 10.7 – Common border procedures
- Art. 6.2 – Specific disciplines on fees and charges
- Art. 9 – Movement of goods

0   25   50   75   100

%

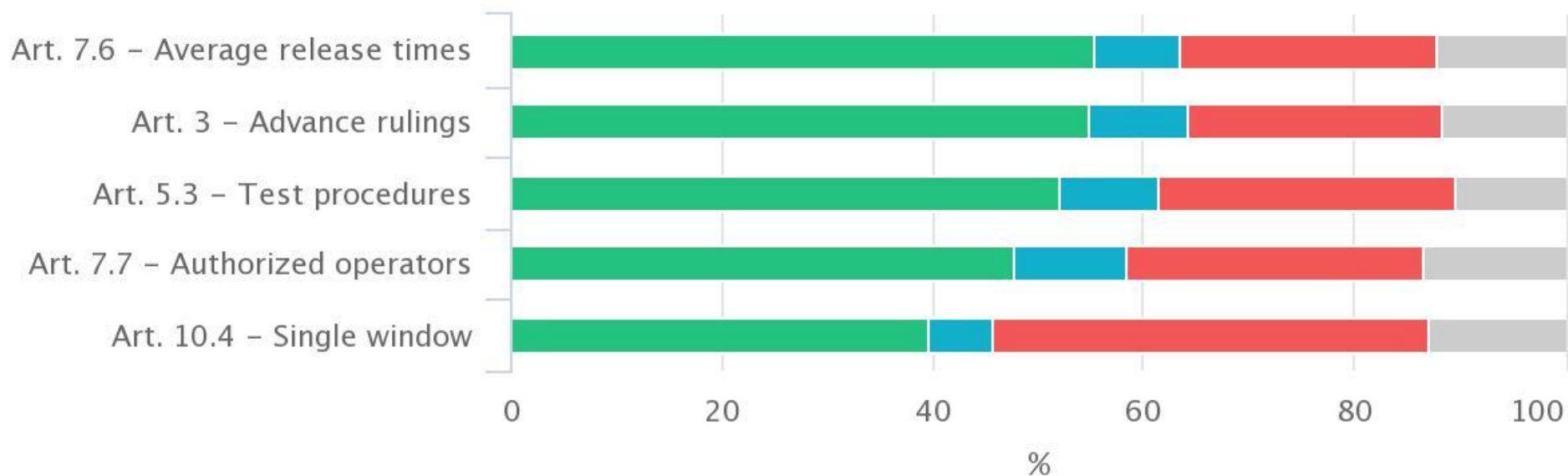● **Rate of implementation commitments today**
● **Rate of implementation commitments requiring additional time and assistance**

Bottom 5 measures with lowest implementation rate in **Asia & Pacific**

Based on implementation commitments by all WTO Members
Region: Asia & the Pacific

- Art. 5.1 – Notifications for ...
- Art. 8 – Border Agency Cooperation
- Art. 7.7 – Authorized operators
- Art. 7.4 – Risk management
- Art. 10.4 – Single window

%

● Rate of implementation commitments requiring additional time
● Rate of implementation commitments yet to be designated

Digital technologies and the implementation of the TFA

Category C Assistance Analysis

81 Members have requested assistance and support for capacity building for a total number of 999 measures so far

Information and Communication Technologies (ICT)

May occur following the decision to construct or acquire facilities and accommodation, and install and upgrade new or additional implementation tools, including information and communication technologies (ICTs) such as virtual networks, automated solutions, and scanners. ICTs have been identified in a number of case stories on trade facilitation reforms as one of the key factors in enhancing the effectiveness and efficiency of a number of specific trade facilitation measures, such as x-ray scanners to complement risk management procedures and computerized system to submit electronically and process pre-arrival documents.

Infrastructure and Equipment

May occur following the decision to construct or acquire facilities and accommodation, and install and upgrade new or additional implementation tools. Although equipment and infrastructure do not always constitute a prerequisite to implement most trade facilitation measures, they are usually considered to be the most expensive components of trade facilitation reform.

Trade Facilitation issues addressed by the TFA

Before the Border

Issues

- ✓ Traders have difficulties to find accurate information on importation and exportation procedures
- ✓ Traders having to spend time and money providing the same information several times over to different customs agencies
- ✓ Different countries implement different formalities and procedures

Trade Facilitating Solution

- ✓ Publish customs information in a manner that is easily accessible
- ✓ Publish information regarding importation and exportation procedures on the internet
- ✓ Implement a single window, or entry point, which would enable traders to submit all documents and data related to importation, exportation and transit of goods one time only
- ✓ Accept paper or electronic copies of supporting documents

Trade Facilitation issues addressed by the TFA

At the Border

Issues

- ✓ Lack of cooperation and coordination among border agencies

- ✓ Lack of automated processes and scarce use of information technology

- ✓ inefficient clearance procedures by customs and other border authorities

- ✓ unnecessary border formalities and documentation requirements

- ✓ non-transparent administrative fees and charges

Trade Facilitating Solution

- ✓ Border agency cooperation, including aligning working days and hours, aligning procedures and formalities, sharing common facilities

- ✓ Electronic Processing, such as electronic payment and single window

- ✓ Allowing for import documents to be submitted in order to start processing before the arrival of goods

- ✓ Risk management system rather than predominantly physical inspection of each consignment

- ✓ Post Clearance Audit rather than controlling each individual shipment at the time of crossing the border

- ✓ Adopt procedures to allow goods to be released from customs before final determination of customs duties, taxes, fees and charges

Specific TFA provisions with explicit reference to IC or digital technologies

- Article 1.2 of TFA – goes well beyond the transparency provisions in Article X of the GATT by requiring Members to make available "*through the Internet*" several categories of trade-related information;

- Article 7.1 of TFA – requires Members to allow for **pre-arrival processing** of import documentation and includes provision for the advance submission of documents in "*electronic format*";

- Article 7.2 of TFA – provides that Members shall, to the extent practicable, allow for the option of "*electronic payment*" of duties, taxes, fees, and charges collected by customs;

Specific TFA provisions with explicit reference to IC or digital technologies

- Article 10.2.2 of TFA – requires government agencies to accept "*electronic copies*" when another government agency of the same Member already holds an original of such document;

- Article 10.4 of TFA – encourages Members to implement a **single window** that shall, to the extent possible and practicable, make use of "*information technology*" to support it; and

- Article 12 of TFA – dealing with int'l **customs cooperation**, envisages that communications (i.e. requests and answers between customs authorities in different countries) could take place through *electronic means*.

Members are increasingly relying on using digital technologies to implement TFA

- TFA refrains from making references to specific technologies in its provisions but Members are increasingly relying on using **digital technologies** to implement TFA.

- For example, the provision in Article 7.4 of TFA concerning **risk management**, which in many countries has been designed as an *electronic system* that operates based on *digital data* shared with other systems, such as the information submitted for *pre-arrival processing*, the *database of authorized operators*, and the availability of *electronic copies* of documents, much of which can be linked through an *electronic single window*.

Trade Facilitation Agreement

The TFA, through digital transformation, promotes:

- *Transparency in import, export and transit procedures*

- *Advanced rulings*

- *Risk management system for Customs control*

- *Trade facilitation measures for Authorized Operators*

- *Single window entry point*

The role of ICT in transparent and efficient trade procedures

- **ICT has an important role to play in trade and border efficiency by promoting TFA implementation, in particular, cutting costs and creating further economic opportunities.**

- **General application of automated customs procedures and the improved transparency under the TFA would require increased ICT adoption.**

The role of ICT in transparent and efficient trade procedures

- ICTs have been widely used in customs management e.g. e-port, online supervision of processing trade, e-manuals, single window portals and paperless customs clearance.

- As new technologies are applied, customs clearance becomes faster and customs management more efficient.

The role of ICT in transparent and efficient trade procedures

Benefits of automation of customs systems include:

- Increased tariff revenue and other types of revenue, charges, as well as intrinsic security and improved administration;

- More accurate and timely foreign trade statistics by government;

- Improved transparency of policy and administrative procedures;

- Faster cargo release after customs clearance;

The role of ICT in transparent and efficient trade procedures

Benefits of automation of customs systems include:

- Simpler procedures based on international standards and simpler documentation;

- Reduced physical inspection;

- Separation of tax and other payments from goods clearance;

- Fewer audits after cargo release;

- Supports e-governance and the development of e-commerce.

ICT solutions contribute to TFA implementation

Applying ICT techniques and solutions

- The **WCO** has developed a self-assessment tool to help guide countries through a series of logical steps that will enable them to implement the Revised Kyoto Convention. Since most provisions of the TFA are based on the Revised Kyoto Convention, the tools developed by the WCO also serve the purposes of TFA implementation.

- The **UNCTAD** Automated System for Customs Data system has provided ICT solutions for more than 90 countries. The system handles most trade procedures and can be adapted to cater to new measures, such as implementing TFA provisions and modernize customs procedures. The program accounts for all international codes and standards relevant to the TFA. The system has been operational in countries with differing geographical and institutional backgrounds.

- Other examples of ICT solutions can be found in various regional trade facilitation initiatives. For example, the **UNESCAP** has concluded a Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.

- A similar initiative by the Asian Development Bank (**ADB**) for modernizing trade facilitation procedures in the Asia Pacific region.

ICT solutions contribute to TFA implementation

Evaluating the effectiveness of ICT solutions

Various methods can be used to evaluate the effectiveness of ICT solutions for meeting TFA requirements.

In Article 7.6, members are encouraged to measure and publish their average release time of goods periodically and in a consistent manner, using tools such as the Time Release Study of the WCO.

Members are encouraged to share with the WTO Trade Facilitation Committee their experiences in measuring average release times, including methodologies used, bottlenecks identified, and any resulting effects on efficiency.

Use of ICT in cross-border management

Customs automation and digitalization:

- **Electronic customs;**

- **E-port;**

- **E-custom**

- **E-general administration;**

- **Faster customs operations;**

- **Efficient customs surveillance;**

- **ICT and customs law enforcement; and**

- **Secure customs systems**

ICT solutions contribute to TFA implementation

Evaluating the effectiveness of ICT solutions

There are independent rankings that can measure the results of any reforms including the effectiveness of ICT solutions, including:

- World Bank Logistics Performance Index;

- World Bank Doing Business report;

- OECD Trade Facilitation Indicators (TFIs); and

- World Economic Forum / Global Alliance for Trade Facilitation Enabling Trade Index.
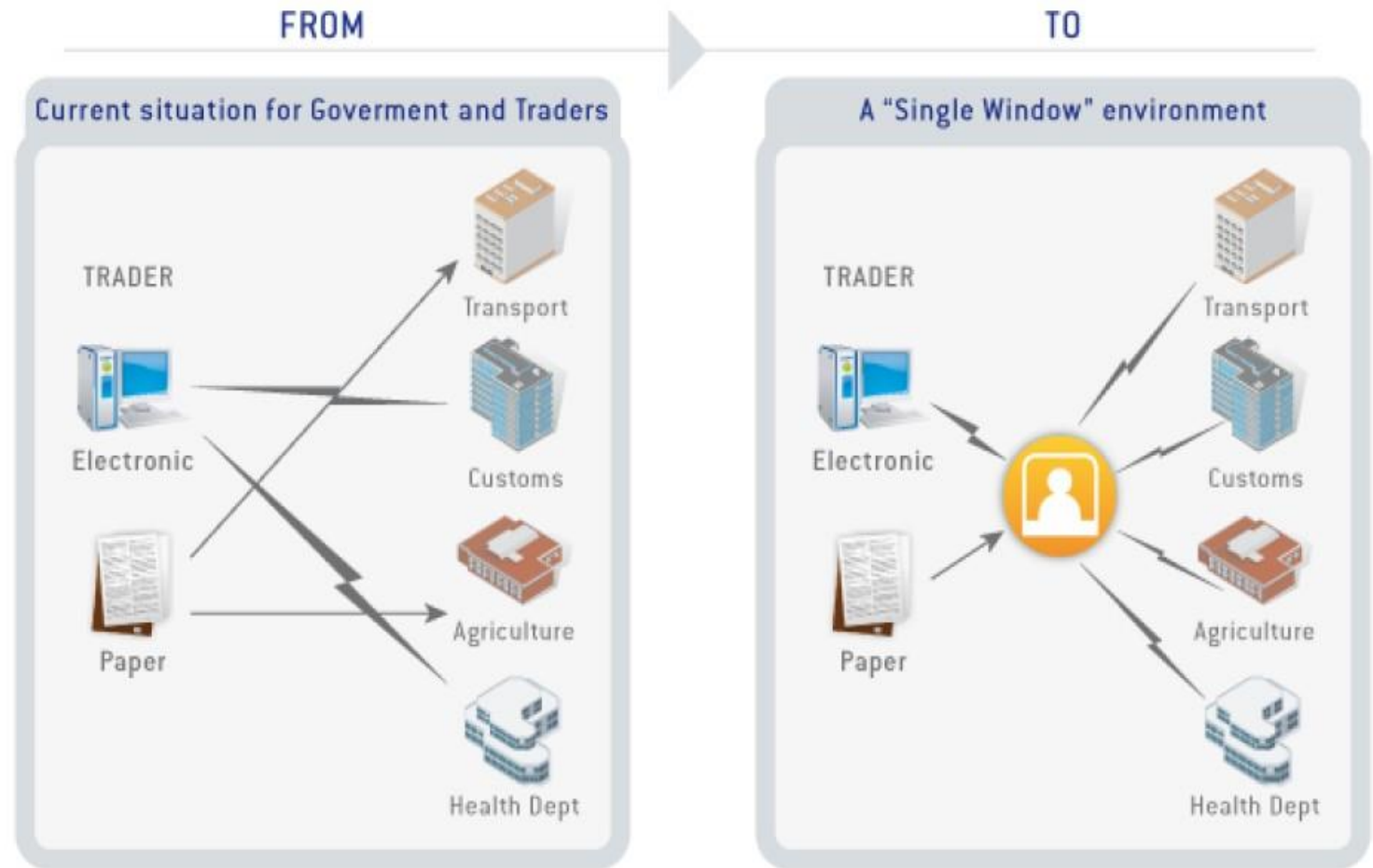
Application of digital technologies will help to bridge the digital divide

Application of digital technologies will help to bridge the digital divide

Figure 7   The evolution of single window systems

Thank you!