

TERMS OF REFERENCE

FOR

THE WORKING GROUP OF THE TRADE COMMITTEE ON TRADE FACILITATION

MANDATE

Emerging from the XXVI Meeting of the Special Committee on Trade, members States agreed to the establishment of a working group of the Trade Committee on Trade facilitation, *"the members established the Working Group of the Trade Committee and are authorized to assemble their customs authorities so as to commence the corresponding efforts, in accordance with the terms of reference that will be subsequently circulated."* (Rapporteur Report, XXVI SCM 2011)

The Work Programme Approved within the XXVI Meeting of the Special Committee on Trade identified that:

"There is a vast difference in custom systems in the Region..., which has become a concern and obstacle to the development of greater and improved trade and economic relations in the Region.

Also, there is a need to facilitate business visas to persons, in order to increase their awareness of markets and facilitate their interest, and participation, as exporters, importers, service providers or investors."

CONTEXT/BACKGROUND

The concept of trade facilitation is an important one for the Member states and Associate members of the Greater Caribbean Region. It involves the entire trade chain from exporter to importer, including all activities involved at all stages of the process. Trade facilitation is focused on reducing the complexities and barriers to trade, with a view to ensuring that all activities take place in an efficient and transparent manner. Simply put, it is lowering trade transaction costs and creating standard efficiencies as has been highlighted in the Doha Declaration as "expediting the movement, release and clearance of goods, including goods in transit." This includes the causal relationship of customs procedures and other practices that may add to the cost or time requirements of trade.

Trade facilitation largely covers all the steps that can be taken to smooth and facilitate the flow of trade. The term has been used widely to cover all sorts of non-tariff barriers, including product testing and impediments to labour mobility, but in the WTO it is defined as “the simplification and harmonisation of international trade procedures” covering the “activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade”.

The Doha Round talks on trade facilitation cover freedom of transit, fees and formalities related to importing and exporting and transparency of trade regulations – which essentially relates to border procedures such as customs and port procedures, and transport formalities.

Why is Trade Facilitation Important?

The World Custom Organization (WCO) indicates that “trade facilitation initiatives benefit both the business community and governments. The business community benefits by obtaining enhanced competitiveness in national and international markets due to reduction in delays and costs which are achieved with predictable and efficient movement of goods across borders. While national administrations are able to utilize modern procedures to enhance controls, ensure proper collection of revenues due and at the same time contribute to the economic development through increased trade and encouragement of foreign investment.”

Trade facilitation energizes the flow of goods and stimulates economic dynamism and wellbeing. It therefore improves the cost efficiency of doing business. An inefficient, constrained flow of goods creates a stagnant economy and poor economic performance.

Trade facilitation would benefit all economies because it ultimately attracts Foreign Direct Investment

Businesses will make substantial gains through trade facilitation. Trade facilitation promotes greater transparency, more consistent and simplified procedures, whilst also lowering transaction costs and reducing clearance times.

For government, trade facilitation enables improved collection of customs revenue; through the effective implementation of modern risk management techniques it also improves supply chain security and enables limited resource to be focused on high-risk transactions.

Status within the ACS Region

Within the Greater Caribbean Region a number of trade facilitation concerns relate directly to the strict WTO definition but also extend to cover vital elements, which have proven major difficulties for the Region

- i. Harmonization and Standardization of customs procedures
- ii. Business Visas
- iii. Efficiency of Doing Business

It is in this regard that the XXVI Meeting of the Special Committee on Trade agreed to the establishment of the Working Group to address issues of Trade facilitation, chief amongst these customs facilitation.

To date the Directorate of Trade in an effort to initiate this critical process as it relates to customs and the importance of business visas to the Region, has compiled data on contact information for custom divisions and departments across Member states and associate members. Information has also been gathered related to the number of countries which issue or have facility for the issuance of business visas. The information identified, as well as other information related to immigration and trade promotion can be accessed in the Trade Information Booklet on the ACS website.

Terms of Reference for the Working Group on Trade Facilitation

The Working Group will comprise Customs and Immigration Officials at the technical level from each Member State and Associate Member State of the ACS, and or any other relevant technical Representative. The main expected output from the Working Group on Trade Facilitation is a set of recommendations to the Special Committee on Trade to facilitate the signing of agreements for the simplification, and where possible harmonization of customs procedures, and to facilitate the granting of special visas for recognized business persons of the Greater Caribbean.

Specifically, the Working Group on Trade Facilitation will:

1. Undertake an examination of the customs systems existing throughout the ACS Region (in each member country)
2. Identify other Regional initiatives addressing trade facilitation, which can be supported or cooperation/partnership established to further the efforts within the ACS Region.

3. Identify areas where simplification and harmonization in custom procedures can be achieved to the benefit of stakeholders in the Greater Caribbean Region.
4. Address ways of improving access to relevant data as it relates to customs procedures and regulations etc.
5. Propose a plan of action towards the possible signing of an agreement for simplification of import procedures through standardization and harmonization of customs certificates, and digitization of customs formalities for Members to promote quick, safe and efficient trade in the ACS Region.
6. Undertake review of the facilities available within the ACS Region (in each Member State) for the granting of business visas to business persons of the Greater Caribbean.
7. Identify criteria for the granting of special visa to business persons of the Greater Caribbean.
8. Propose a plan of action towards the possible signing of an agreement for the creation and issuance of a special visa to business persons of the Region.
9. Prepare and submit report to the Special Committee on Trade on its findings and recommendations.

Procedural Details:

- Timeframe deadlines for submission of draft and final report of the Working Group will be determined and agreed upon by the XXVII Meeting of the Special Committee on Trade.
- The Working Group must agree on dates and venues for its meetings, and the mode of execution of its tasks.

Questionnaire to Member States and Associate Members on Customs Facilitation and Digitization

In an effort to provide a preliminary starting point for the Working Group Member States and Associate Members are asked to provide information to the following questions:

- Does your country use the World Customs Organisation Harmonized System? If so, what Version?
- Is ASYCUDA or similarly specialized software being used in your customs departments?
- Which processes in your country are digitized, which are not?
- Is the digitization of the customs system and processes a priority?
- What custom related information can be obtained electronically (online)?