

What is Trade Facilitation?

Trade Facilitation is the process of making cross-border trade easier, faster and cheaper. It is defined as the “simplification, modernization and harmonization of export and import processes”.



Background / Justification

Burdensome border requirements and red tapes in moving goods across borders pose barriers to trade, making it difficult for businesses to trade internationally. In this regard, two main obstacles to global trade efficiency include:

- In some instances the cost of complying with these requirements and red tapes, exceeds the cost of duties to be paid
- For developing countries, inefficiencies in trade administration such as customs are roadblocks to the countries' integration into the global economy. This can harm export competitiveness as well as the inflow of foreign direct investments in countries that need it most.

What are the components of Trade Facilitation?

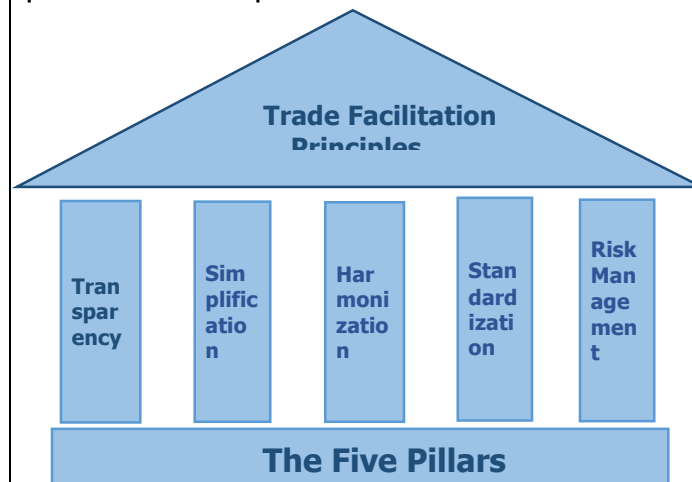
Transparency – promotes openness and accountability of trade administration actions, including the publication and accessibility of information relevant for trade

Simplification- elimination of all unnecessary elements and duplications in trade formalities, processes and procedures

Harmonization- alignment of national trade procedures and documents with international standards

Standardization- developing a format for trade procedures and documents that is internationally agreed by parties.

Risk management: allows border control agencies to identify and analyze potential risks or threats in the cross-border transactions. It supports trade facilitation by ensuring efficiency and transparency along with simplifying the procedures and process at the border.



Why is Trade Facilitation important?

Trade facilitation supports trade liberalization in the following ways:



- Trade facilitation removes procedural hurdles from cross-border trade, increasing international trade.
- It is a specific set of measures that restructure and simplify the technical and legal procedures for products entering (imported) and leaving (exported) a country to be traded internationally.
- This supports greater participation in the global value chains
- It also supports Foreign Direct Investment (FDI). Countries where material and products can be easily imported and exported, quickly and reliably, are more attractive locations for foreign firms seeking to invest.

What is the WTO Trade Facilitation Agreement (TFA)?

The TFA contains provisions for expediting cross-border trade and transit procedures including the movement, release and clearance of goods with a view to reduce related cost.

Provisions included in the WTO Trade Facilitation Agreement?

Below is a list of some of the provisions included in the WTO TFA:

Article 1: Publication And Availability Of Information:

This provisions outlines the requirements of each member in availing information necessary for the ease of moving goods.

Article 7: Release And Clearance Of Goods:

Specific subsections speak to the various elements/requirements for effective processing of goods.

Some of the elements explored include:

- 1. Pre-arrival Processing
- 2. Electronic Payment
- 3. Establishment and Publication of Average Release Time
- 7. Trade Facilitation Measures for Authorized Operators

Article 8: Border Agency Cooperation:

Members commit to coordination among authorities and agencies responsible for border control and procedures relating to the import, export and transit of goods.

Important for the enhancement of trade within the Greater Caribbean is Subsection 4 of Article 10 of the TFA:

Article 10: Formalities Connected With Importation, Exportation And Transit

Article 10 (4): A single window –

4.1: requires members to establish and maintain a single window enabling traders to submit information for the importation, exportation and transit of goods to a single-entry point

4.2: Documents already received through the single window, cannot be requested by participating authorities/agencies except under urgency or limitation exceptions made public

4.4: The use of Information Technology to support the single window

4.3: Notifying the FTA committee on the detail operations of the single window

Also important is Section II Article 13 (3):

Members are required to undertake commitment "to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities"

Timeline and Help for Implementation:

While developed countries commit to implementing the provisions immediately upon entry into force, developing countries and LDCs are given more time and assistance to do so as outline in Section II of the TFA.

There are three categories of implementation for these country members to list out and notify the WTO according to Category

Category A: Provisions that the Member will implement by the time the Agreement enters into force (or in the case of a least-developed country Member within one year after entry into force)

Category B: Provisions that the Member will implement after a transitional period following the entry into force of the Agreement

Category C: Provisions that the Member will implement on a date after a transitional period following the entry into force of the Agreement and requiring the acquisition of assistance and support for capacity building.



N.B. The WTO Trade Facilitation Agreement Facility was established to provide these countries with the technical and financial support needed for the implementation of these provisions

How does Trade Facilitation align with ACS Plan of Action

Strategic Objective A: *identifying and building regional competitive and comparative advantages to promote sustainable development and resilience in the productive sectors of the Greater Caribbean (trade, tourism, transport)*

Trade Facilitation **increases trade** by making cross-border trade easier and **enhances Foreign Direct Investment attraction**. As such, greater encouragement in Trade Facilitation would contribute to advances in **sustainable development** and **resilience** for the Greater Caribbean. While trade facilitation focuses on a country's procedures for importing and exporting goods, there is an indirect link to the movement in people through tourism and FDI



Strategic Objective B: *augment Members' capacity, individually and collectively, to better prepare for, mitigate and adapt to disasters related to increased and intensified human activity and natural and climate-change related phenomena, with a view to safeguarding the Region's social, economic, and environmental wellbeing and contributing to the fulfilment of the SDGs.*

Border Performance largely determines a country's participation in global trade.

Trade facilitation promotes efficient procedures and processes in the movement of goods. Disasters and climate change related phenomena impacts the costal trade and transport infrastructure within the region. This intersection is important in the region achieving resilience since initiatives and projects must identify and develop cross-sectoral linkages to boost economic and social advancement in the Greater Caribbean. Additionally, trade facilitation supports the fulfilment of the SDGs

Strategic Objective C- *engage and involve development partners, donors, ACS Observers and international cooperation organisations in the economic, scientific and technical cooperation of the ACS through traditional and non-traditional funding sources and mechanisms; technical and technological transfers/exchange and in the context, **inter alia** of north/ south; south/ south and triangular cooperation.*

Trade facilitation includes engagement of stakeholders from all levels that assist in developing and implementing standardization and harmonization across all trade related areas. In adding value to membership, the ACS Secretariat must consider the importance of providing assistance in the implementation and sustainability of trade facilitation. As such partnership with key organizations is paramount.

Strategic Objective D- *pursue institution Development through a strong underpinnir communication framework, improved processes, driv innovation, secure financial wellbeing and sustainabili and ongoing organisational development including as regards human resources and technology.*

Providing assistance involves capacity buildin and strengthening. As such, the AC Secretariat must supplement assistance wit continuous capacity building an strengthening in implementing Trad Facilitation initiatives to promote sustainabilit development and resilience in the Great Caribbean.