The role of Regional Organizations in TFA implementation
WCO Regional Workshop
Lomé, Togo
29 May, 2017

Victoria Tuomisto
Trade Facilitation and Policy for Business
International Trade Centre
ITC MAKES TRADE HAPPEN

Joint agency of the UN and WTO

Rules of Trade
Trade policy research and consensus
Help businesses trade

Fully dedicated to helping businesses - especially SMEs - to trade

Policy Makers
TISIs
Private Sector

Advisory services
Capacity building
Trade and market intelligence
Market linkages
Intra-regional trade remains comparatively low in Africa vs. EU and North America

% of intra regional trade in ACP regions vs. North America and Europe

- Western Europe: 60%
- North America: 40%
- SACU: 14%
- EAC: 13%
- UEMOA: 11%
- Africa: 10%
- SADC: 8%
- CARICOM: 5%
- COMESA: 4%
- CEMAC: 2%

Sources: UN Africa Renewal Online, Regional Integration in ACP countries by ODI supported by European Commission, Establishing CARICOM’s Real Natural Trading Partner, CCMF-UWI
Several root causes explain the weakness of intra regional trade

<table>
<thead>
<tr>
<th>Category</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy</td>
<td>- Cost and delay of transport and cross-border procedures</td>
</tr>
<tr>
<td></td>
<td>- Partial reforms of service sectors (ex. finance, logistics)</td>
</tr>
<tr>
<td></td>
<td>- Lack of infrastructures</td>
</tr>
<tr>
<td>Institutional</td>
<td>- Lack of legitimacy of regional institutions</td>
</tr>
<tr>
<td></td>
<td>- Insufficient operational capabilities (ex. RH)</td>
</tr>
<tr>
<td></td>
<td>- Low representation of the private sector at regional levels</td>
</tr>
<tr>
<td>Businesses</td>
<td>- Insufficient networking capabilities (ex. buyers/suppliers)</td>
</tr>
<tr>
<td></td>
<td>- Difficulties in meeting technical or SPS requirements</td>
</tr>
<tr>
<td></td>
<td>- Low international marketing capabilities</td>
</tr>
</tbody>
</table>
2 key success factors needed to go forward

1. **Business logic must be at the heart of regional integration projects**
   - Regional integration projects are initiated at the political level but they require a buy-in from the private sector to be achieved.
   - Intra-regional trade will intensify only if it makes sense economically for the businesses.

2. **Coordination between governments and private sector must be strengthened**
   - Ensure adhesion of the businesses to the regional integration processes through awareness raising.
   - Common identification of barriers to trade and the required solutions to remedy it and boost commercial trade flows within the region.
The TFA explicitly calls for regional approaches towards TFA implementation

Art.21
Provision of assistance

Members shall endeavor to include activities to address regional and sub-regional challenges and promote regional and sub-regional integration

Art.24
Final Provision

Members of a customs union or a regional economic arrangement may adopt regional approaches to assist in the implementation of their obligations under the Agreement on Trade Facilitation including through the establishment and use of regional bodies’
2 TFA provisions are particularly important for regional integration

<table>
<thead>
<tr>
<th>Measure description</th>
<th>Impact on trade cost reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freedom of transit - Art. 11</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Facilitated, transparent and non-discriminatory treatment offered to the goods in transit passing through the national territory</td>
<td>OECD Transit formalities indicator</td>
</tr>
<tr>
<td>Border agency cooperation - Art. 8</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Coordinating and harmonizing border-crossing procedures both at the national level and for the countries sharing the border to reduce cost and delays</td>
<td>OECD Transit agreements and cooperation indicator</td>
</tr>
</tbody>
</table>
Regional approach to implementation will maximize the benefits of the TFA

Necessary when authority for rule making is transferred to the community level
- Areas where regional statutory framework and policies are directly affected: regional intervention should come before national legislation

Contributes to the proper functioning of a Customs Union
- e.g. UEMOA customs code

Prevents disruptive and counterproductive practices through harmonization of practices and regulations
- e.g. internet publications, border agency coordination

Helps achieve economy of scales and sharing of resources
- e.g. establishment of temperature controlled warehouses for perishable goods

Allows businesses to fully benefit from the TFA through synchronized reforms
- Overall supply chain performance = performance of the weakest link

Supports economic convergence between member states
- e.g. transfer of funds to less developed EU members
3 levels of regional intervention should be considered

Regional Implementation
- RIO takes charge over the implementation over selected measure on behalf of its Member States (e.g. internet publication, enquiry points, border agency coordination)

Regional Coordination and Cooperation
- RIO provides guidelines and ensures that implementation is synchronized over the region to ensure maximum benefits for the traders
- RIO facilitate the exchange of information, best-practices and tools to ensure the effective implementation of the TFA measures

Regional Harmonization
- RIO provides guidelines for the implementation of TFA measures but the country decide on an individual basis on the sequencing and timing of implementation
The level of cooperation, coordination and regulatory/operation harmonization vary

- Independent National approaches
- Regional harmonization
- Regional coordination and cooperation
- Regional implementation

Regional steering
Degree of institutionalisation
Degree of cooperation
There is a continuum of scenarios for regional approaches: Internet publication example

<table>
<thead>
<tr>
<th>Independent National approaches</th>
<th>Regional cooperation</th>
<th>Regional harmonization</th>
<th>Regional coordination</th>
<th>Regional implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>National website only: each country defines individually the content and operation modalities of its TF portal</td>
<td>Experience and best-practice sharing</td>
<td>Working group on TF portal best-practices</td>
<td>One common tool is agreed upon by Member States</td>
<td>Establishment of national and/or regional TF portals by the REC on-behalf of Member states</td>
</tr>
<tr>
<td>Regional partners provide feedback on countries’ TF portal</td>
<td>Regional harmonization</td>
<td>Development of guidelines on national portal establishment</td>
<td>Implementation is done at national level but sequencing and monitoring of the reforms is steered at the regional level</td>
<td></td>
</tr>
<tr>
<td>Provision of SI tool from one country to another</td>
<td>Regional implementation</td>
<td>Establishment of a regional portal referencing the national ones</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Example of a regional approach to implementation: WAEMU countries

- WAEMU countries and WAEMU secretariat have chosen to privileged a coordinated approach for the implementation of the TFA
- Concerted approach to the categorization of the TFA provisions
- Identification of opportunities for community level implementation of selected measures
WAEMU has decided to prioritize 9 measures for regional implementation

- Art. 1.2: Internet publication
- Art. 7.2: Electronic payment
- Art. 7.4: Risk management
- Art. 7.6: Release time studies
- Art. 7.7: Authorized operators
- Art. 8: Border cooperation
- Art. 10.5: Pre-shipment inspection
- Art. 11: Transit
- Art. 12: Customs cooperation

The ITC has assisted 6 out of the 8 REC Members to develop project proposals for category C projects with a view to consolidate technical and financial needs at the regional level.
Thank you!

For further information, comments or questions, please contact:

vtuomisto@intracen.org
tradefacilitation@intracen.org