WTO Trade Facilitation Agreement

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What is Trade Facilitation?

• International standards for phytosanitary measures help reduce plant health risks and helps minimise trade costs

• **Trade facilitation**
  - the simplification, modernisation, harmonisation of trade processes
  - addressing logistics and regulatory bottlenecks and that prevent the timely, cost effective movement of goods

• Trade facilitation could reduce global trade costs by 14%, USD 1 trillion/year
• The largest gains are in developing countries
Time to import: documentary compliance, hours, 2017

Cost to import: Documentary compliance
USD, 2017

Agricultural Trade Costs with Egypt

Source: World Bank Trade Costs Database
Trade Costs Explained

- World Bank Trade Cost estimates for agriculture bilateral trade – all trade costs, logistics, transport, compliance, tariffs and non-tariff barriers etc. measured as a percentage of product cost
- Distance doesn’t have as large an impact on trade costs as you might expect
- Data covers all agricultural trade, large bulk shipments (Ukraine, Russia grain to Egypt) tend to bring down average costs
- Romania’s falling trade costs
- France and US losing trade cost competitiveness to the Black Sea
- Since 2011, agricultural trade costs have been rising
WTO Trade Facilitation Agreement

• International level recognition that non-tariff barriers create problems, often more than tariffs
• TFA entered into force in February 2017 when 2/3 of WTO members had ratified it, including Egypt
• Provides tools, a structure, clarity to enable countries to continue to protect health, human/animal/plant life AND encourage easier trade – lower costs.

Main elements
• Technical measures
• Rules for developing countries – extra time and support, capacity building
• Implementation
  • National trade facilitation committee for coordination and implementation
Measures

• Article 1 Publication and availability of information
• Article 2.1.1 Opportunity to Comment before Entry into Force of laws & regulations
  ➢ Countries must provide opportunities for traders and interested parties to comment
• Article 3 Provide advance rulings besides tariff classification and origin
• Article 5 Inform on detention of goods and facilitate test procedures
• Article 6 Review and publish fees and charges
• Article 7 Allow pre-arrival processing / publish average release times
• Article 8 Border Agency Cooperation
• Article 10 Review and reduce import/export transit formalities
  ➢ 10.4. Single Window: create a single window for traders to submit all documentation for all agencies, with results also notified in a timely manner
• Article 11 Freedom of transit: limit formalities and documentation requirements
In practice

- Improve transparency
- Streamline documentary requirements and control procedures
- Implement risk-based approaches
- Better coordination between SPS authorities and with customs - joint inspections, IT solutions
- Use TFA support and funds to build capacity and use technical assistance
- TFA = opportunity to enhance dialogue and leverage funds to improve SPS border management

- In Egypt, the key body is the National Trade Facilitation Committee (Ministries, CAPQ, ECA, GOIEC, Chambers of commerce and industry) discusses, analyses, develops roadmap for implementation
- e-freight import and export system has been developed for air freight
- EgyTrade will create the Egyptian National Single Window, looking at legislation, documents, procedures, and technology, currently working on simplification of procedures and documentation
- Egypt consulting with Jordan and Saudi Arabia on electronic customs information exchange
Benefits for import efficiency

• Decreased compliance costs through streamlined and simplified procedures
• Increased efficiency in inspection and release of phytosanitary goods
• Improved quality of services rendered by border agencies
• Quicker clearance thorough harmonised physical inspections; improved flow management
• Reduced risk

• To help achieve these, it is essential to engage in dialogue and contribute to the substantial efforts currently underway in Egypt
E-phyto

- Secure electronic transmission of SPS certification data
- Aimed at reducing time/costs at borders and of fraudulent certificates
- TFA encourages electronic certification and enables them in SPS, IPPC
- Electronic certification enables data to be reused, checked electronically, quickly replaced, faster procedures, better risk profiling
- Scope for introducing a trial system for grain?