

SESSION 1

Introduction to National Committees on Trade Facilitation (NCTFs) in CAREC

National Committee on Trade Facilitation Meeting
Seoul, S. Korea
2 June 2017



WTO Trade Facilitation Agreement (TFA)

Article 23.2

ARTICLE 23: INSTITUTIONAL ARRANGEMENTS

2. NATIONAL COMMITTEE ON TRADE FACILITATION

Each Member shall* establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement.

**Note - this is a mandatory provision upon entry into force*

Why NCTFs are needed

- Facilitation activities must be approached in a coordinated manner to ensure that problems are not created in one part of the transaction chain by introducing solutions to another part.
- Needs of all parties, both private and public sectors, must be identified before solutions can be found, and those best placed to explain their needs are those directly involved in the transaction chain.
- Need for an effective forum where private sector managers, public-sector administrators and policy makers can work together towards the effective implementation of jointly-agreed facilitation measures

UNECE Recommendation No. 4: National Trade Facilitation Bodies, 2015

Role of the NCTF

- The main purpose of an NCTF is to act as an open forum to promote trade facilitation, facilitate inter-agency coordination, and provide directives on major trade facilitation issues.
- Specifically:
 - Ensure that TF is an integral part of national integrated strategy for sustainable economic development
 - Identify issues affecting trade cost and efficiency, and develop and implement measures to eliminate or reduce such barriers
 - Be the focal point for information on best practice in TF
 - Participate in international efforts to improve TF and efficiency

UNECE Recommendation No. 4: National Trade Facilitation Bodies, 2015

Composition of NCTF

TF requires involvement of 3 categories of stakeholders

| Government | Traders | Trade service providers |
|---|--|---|
| <ul style="list-style-type: none">• Trade or Commerce ministry• Customs• Agriculture/Industry ministry• Transport/ Infrastructure ministry• Port agencies• Economy/Planning/Finance ministry• Foreign trade institutes• Standards and accreditation agencies | <ul style="list-style-type: none">• Importers, organizations• Exporters, organizations• Small and medium-scale enterprises | <ul style="list-style-type: none">• Transporters/Carriers/ Freight Forwarders• Terminal Operators• Laboratories, Certification organizations• Software providers• Banks, Insurance companies• Customs agents• Chambers of Commerce• Academic institutions, private think-tanks |

UNECE Recommendation No. 4: National Trade Facilitation Bodies, 2015

Role of Customs

- TFA seeks mainly to “expedite the movement, release, and clearance of goods” – which is essentially Customs’ mandate.
- The technical provisions of TFA (i.e. Section 1) are substantially (98%) Customs-related:
 - Customs-only provisions: 30%
 - Customs as main agency: 40%
 - All border agencies with Customs: 28%
 - Non-Customs: 2% (i.e. Article 1.4 on Notification)
- Thus the nature of TFA puts Customs at the center of implementation, i.e., major involvement of Customs from the start, and close cooperation between Customs and other border agencies.

Role of Customs (cont'd)

- Logically, Customs has a prominent role in the NCTF:
 - (a) its mandate of ensuring compliance with national trade legislation and policies, and international trade agreements
 - (b) its vast experience in interacting with multiple stakeholders
- Customs is also familiar with WCO instruments and tools on trade facilitation that preceded many provisions of the TFA, and underpin its high-level principles of predictability, transparency, partnerships, and the use of modern techniques
 - Revised Kyoto Convention
 - Coordinated Border Management
 - Single Window
 - WCO Data Model
 - Time Release Study
 - SAFE Framework of Standards to Secure and Facilitate Global Trade

National organizations that might fulfill the role of an NCTF

- Countries may not have yet considered the details of establishing an NCTF, but may have existing organizations with TF mandates that may fulfill the interim role:
 - Private sector body, shippers' organization, transport organization, trade union
 - Public-private committee on trade matters
 - Public sector consultation or interagency committee
- If the country already has an official NCTF in addition to existing multi-sector organizations, the NCTF can either (1) coexist with them, or (2) coordinate their activities

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4 existing types of national TF bodies

- PRO committee – procedures committee that balances private and public sector participation to coordinate the planning and implementation of TF measures
- NTTFC – consultative mechanisms to promote TF, study trade and transport regulations, foster transparency, recommend trade and transport initiatives; goal is to encourage modernization of trade and transport practices to support trade
- NCTF – national coordination mechanism to streamline trade procedures and implement TF measures
- WTO negotiations on TF support groups – established to provide advice to trade negotiators on the draft TFA

ITC (2015)

Trade Facilitation Bodies in CAREC

- **Afghanistan:** PRO Committee
- **Azerbaijan:** PRO Committee (National Working Group on Transport and Trade)
- **PRC:** (i) Transport Facilitation Committee; (ii) WTO negotiations on TF support group
- **Georgia:** National Committee for the Facilitation of Procedures and Practices in Administration of Commerce and Transport
- **Kazakhstan:** inter-ministry commission for transport
- **Kyrgyz Republic:** National Council on Trade and Transport Support Group
- **Mongolia:** National Committee on Trade Facilitation
- **Pakistan:** National Transport and Trade Facilitation Committee
- **Tajikistan:** National Trade Facilitation Committee

UNCTAD (2014); COMCEC (2015); UNESCAP (2017)

Salient Features of NCTFs

► Inclusive coverage

- Includes both public and private sector
- Includes all stakeholders involved in international trade transactions

► Legal/formal mandate

- Support from highest authorities
- Established by decree, regulation or order

► Adequate support

- Financial resources, domestic and international
- Technical/advisory services

Main TORs of NCTF

- Provide a national forum equipped with a consultation mechanism for the facilitation of formalities, procedures, and documentation used in trade, multimodal transport, transit, logistics, finance and other related areas (**facilitation objective**)
- Propose trade-related regulations and practices (**regulatory objective**)
- Make policy recommendations on future trade-related investments (**development objective**)
- Increase awareness of the methods and benefits of trade facilitation (**outreach and capacity building**)
- Support trade facilitation negotiations at the bilateral, regional, and multilateral levels (**negotiation objective**)

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Sample TORs for NCTFs

- ▶ coordinate public-private sector efforts to develop a national trade facilitation action plan with measurable outputs and timelines
- ▶ coordinate national positions in negotiations on agreements on trade facilitation
- ▶ supervise, monitor and evaluate implementation of the TFA and take necessary measures to address identified constraints and issues
- ▶ create working groups if and as necessary to study particular concerns and/or take charge of specific projects and activities
- ▶ enhance skills of NCTF member agencies and stakeholders to plan, implement and evaluate TF projects
- ▶ coordinate with multi-lateral organizations to mobilize resources for investments and technical assistance identified in national action plan.

Sustainability is the biggest challenge. What ensures sustainability and effectiveness?

- Favorable government policies for economic development and trade
- Robust and dynamic private sector
- Available human and financial resources
- Strong political will to enhance trade transactions and supply chains

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(Sub) Regional TF Body

- Representatives from NCTFs will constitute the Regional CTF that will have an important steering role
- The basic terms of reference are to:
 - Monitor regional progress in TF
 - Coordinate regional awareness campaigns
 - Identify common challenges/constraints
 - Identify common solutions/regional actions
 - Adapt regionwide use of TF standards, tools and techniques

CAREC (Sub)regional TF Body

- serve as a regional forum to raise, discuss, and resolve issues relating to barriers to trade and development that are of common interest to its members, including CAREC corridor management
- be comprised of representatives of NCTFs and other regional groupings such as CFCFA, SPS working group, trade policy committee
- coordinate with other regional organizations such as Shanghai Cooperation Organization, Eurasian Economic Union
- promote participation and involvement of development partners, multilateral development agencies, and the private sector

Some lessons in establishing NCTFs

- What works well in one country may not work well for another – challenges are common, but solutions may differ
- Competing priorities and rivalries can make it difficult
- Focus should be on having a committee that is capable of achieving results and keeping momentum
- Composition should be inclusive; participation can take different forms
- Who should lead depends on the country
- No need to overcomplicate the design; whenever possible, make use of existing structures
- Make use of available support to establish NCTF

Steps in establishing an NTFC

- Define the mandate
- Identify a champion and ensure strong leadership
- Define the governance and legal structure
- Ensure the right balance between public and private stakeholders
- Establish clear terms of reference, including the extent of the body's independence
- Choose appropriate accommodation that reflects the body's independence
- Establish a clear business or work plan of activities
- Ensure that the body is adequately and sustainably funded

Key recommendations in establishing NCTF

- Be SMART (sustainable, measurable, attainable, realistic, time-bound) when setting up the objectives and scope
- Ensure a strong legal backing
- Define terms of reference that are comprehensive and inclusive
- Provide a permanent secretariat
- Meet regularly
- Be inclusive – TF is a cross-division and cross-sector effort
- Raise awareness
- Provide the necessary resources
- Establish M&E mechanisms to measure results
- Always involve the private sector

Thank you

