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# Trade facilitation and regional cooperation

Asian Development Bank (ADB) Inter-Subregional Forum on Enhanced Implementation of the World Trade Organization Trade Facilitation Agreement

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Dr. Mohammad Saeed

Senior Adviser

Trade Facilitation and Policy for Business

International Trade Centre (ITC)



# Coordinated regional approaches allow to maximize the benefits of the TFA

## 1 A more conducive environment for traders

- Streamlined requirements **reduces traders uncertainty and compliance costs**
  - E. g. : harmonized national AEO schemes will **support business participation in the region** and create a basis for mutual recognition

## 2 Enhanced functioning of customs unions

- Harmonization of customs legislation and procedures helps guarantee that the **customs union will function correctly and equitably**
  - Same rules reduce prospects of distorted trade flows towards countries with most efficient borders

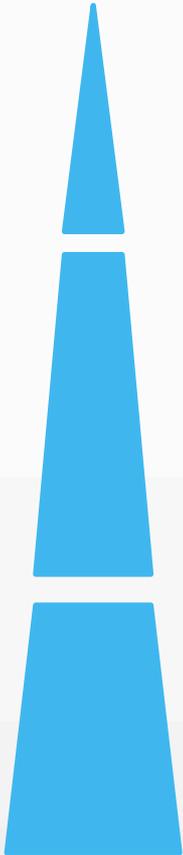
## 3 Leveraging economies of scale

- Implementing trade facilitation measures will be **less expensive if countries in the REC share the costs**
  - E. g. : regional programme in EAC to mutualize the costs of capacity-building trainings for border officials at OSBPs

## 4 Addressing development asymmetries

- Concerted approach helps to **avoid structural imbalances from different growth levels and structural gaps** among REC Member States
  - E. g. : regional fund in EU to stir infrastructure investment in Member States with structural challenges

# Three levels of regional intervention should be considered



## **Regional implementation**

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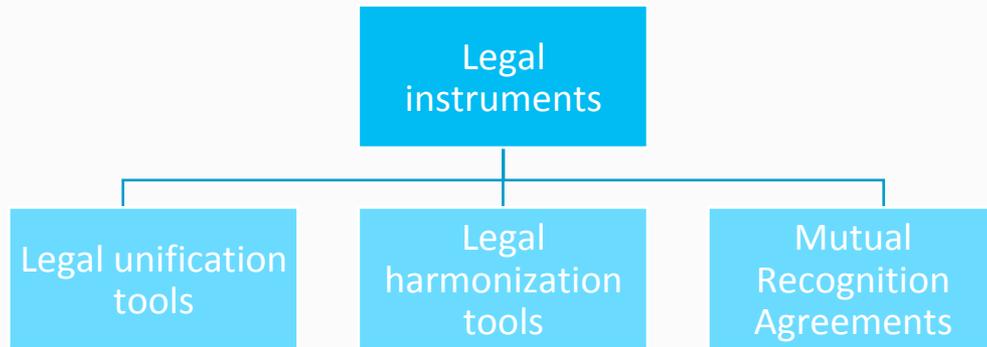
## **Regional coordination and cooperation**

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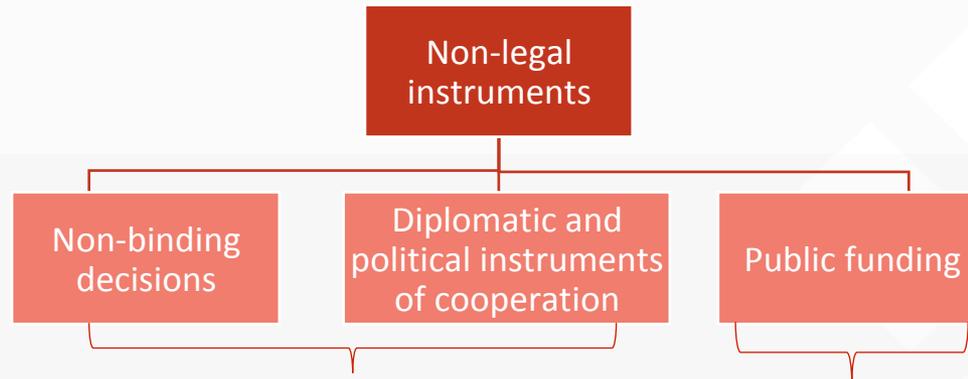
## **Regional harmonization**

- REC provides guidelines for the implementation of TFA measures but the country decide on an individual basis on the sequencing and timing of implementation

# Instruments to advance regional trade facilitation agendas



Require **strong agreement among member states**; greatly effective with **enforcement** in place. Typical of supranational communities with high levels of institutionalization and **ambitious agendas**



Easier to achieve but may not yield sufficient integration dynamics because **implementation by member states is voluntary** and there is **no credible enforcement mechanism**. Peer pressure, monitoring and reporting constitute the only mechanism of verifying compliance

**Can motivate and launch pilot activities**, and **fill structural gaps** among member states; however, they require available funds and there needs to be uniform access and delivery

# Responsibility-sharing options for the regional implementation of trade facilitation reforms

Intergovernmental approach

Supranational approach

## Decentralized implementation option

## Shared implementation option

## Centralized implementation option

Member States have the exclusive responsibility of implementing trade facilitation reforms

Regional bodies and Member States jointly contribute to the implementation of TF reforms within a regional TF roadmap

Regional bodies have the exclusive responsibility of implementing TF reforms identified within a regional TF roadmap

Economies of scale

Human/financial resources

Mutualizing of investments

Interoperability of TF mechanism

# Six steps to a regional trade facilitation roadmap

ITC has developed a six-step methodology to guide RECs and their Member States to design a regional roadmap to trade facilitation reforms tailored to their particular national environment.



1

Consolidate national TF needs and identify common requirements

2

Build consensus on TFA obligations to be implemented regionally

3

Define the set of legal and non-legal instruments to support implementation

4

Delineate Member States' and regional bodies' respective implementation responsibilities

5

Define the target policy mix for each TF reform

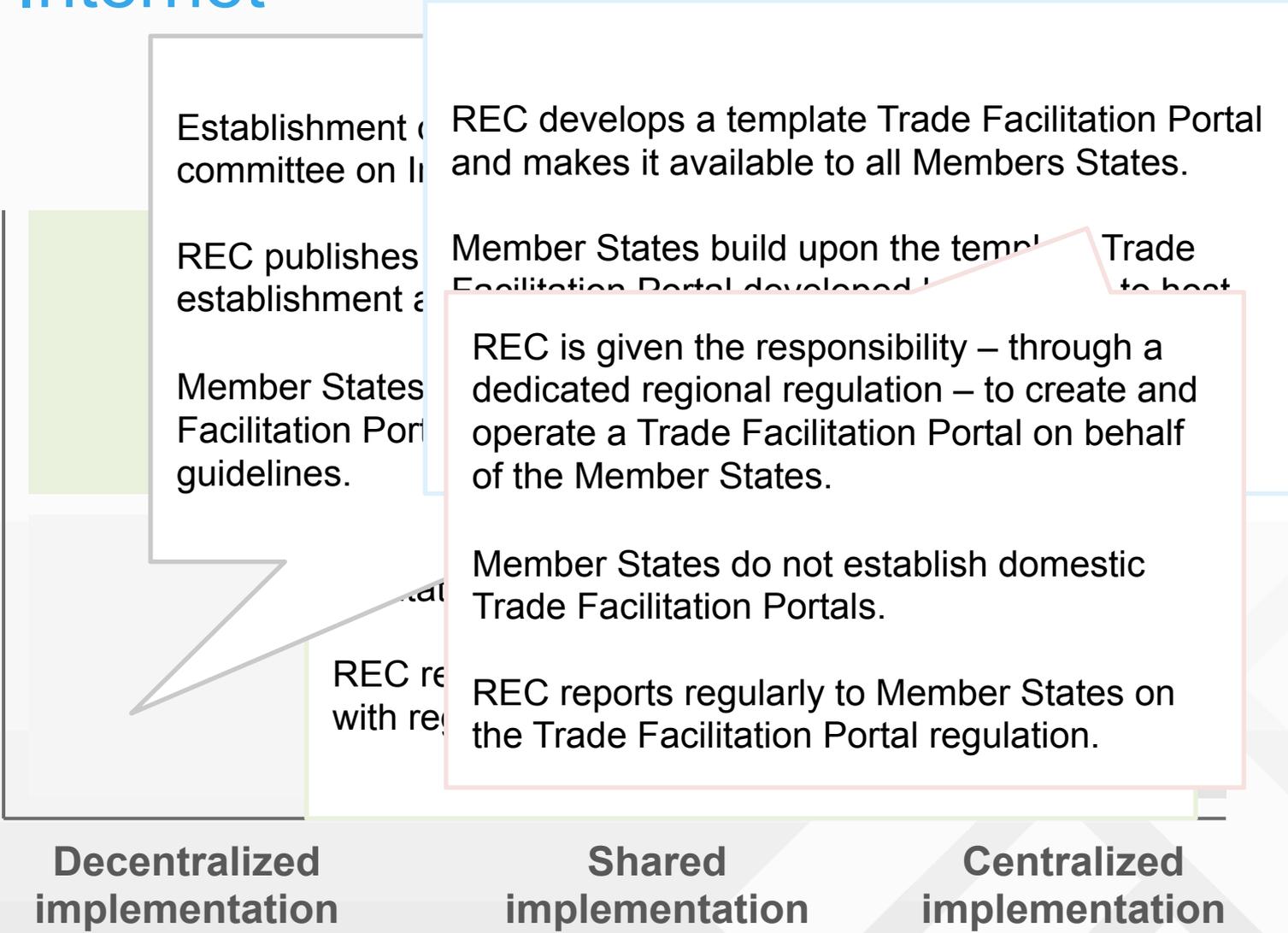
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Establish an institutional community platform to facilitate the design, implementation and monitoring of the regional trade facilitation roadmap

# Example: Article 1.2, information available through Internet

Implementation instruments

Legal  
Non legal



# The need for regional coordination mechanisms: e.g. Regional Trade Facilitation Committee (RTFC)

- ✓ To identify priority reforms to be implemented in a harmonized and coordinated way within the region
- ✓ To define the legal and non-legal instruments to be mobilized for reform implementation
- ✓ To clarify the division of roles and responsibilities between the Commission and the Member States
- ✓ To monitor and evaluate the implementation of trade facilitation reforms

## How is it practically achieved? The WAEMU experience

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- **Legal basis:** regional decision to set up a RTFC validated by all Member States
- **Public and private membership**
  - Ministry of Trade
  - Customs
  - Private sector
- **Mandate and decision-making:** issue technical recommendations for consideration of Ministerial Council, taken on a simple majority rule (one voice per country)
- **Funding:** RTFC funded by the regional body

# Success lies in adopting a business perspective and enhancing public-private coordination

- 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

# Thank you for your attention

Your  
contact  
at ITC



Dr. Mohammad Saeed  
Senior Trade Facilitation Adviser



[saeed@intracen.org](mailto:saeed@intracen.org)



+41 7 99 52 15 77

