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TRADE BEAT

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# World Trade Organization (WTO)'s Trade Facilitation Agreement Enters into Force



The entry into force of the WTO's Trade Facilitation Agreement (TFA) came into effect on February 22, 2017, after receiving instruments of acceptance of the Agreement from Rwanda, Oman, Chad and Jordan. The latest submissions brings the total number of ratifications received by the WTO to 112. This milestone agreement represents the first multilateral deal concluded in the 21 year history of the WTO, as ratifications exceeded the 2/3 majority or the 110 ratifications required by the WTO to effect the entry into force of the TFA. The TFA marks a new phase of trade facilitation reforms globally and creates momentum for an increase in world trade and the multilateral trading system as a whole.

Concluded at the 2013 Ministerial Conference of the WTO, held in Bali, Indonesia, the TFA largely addresses the facilitation of customs and border related processes. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues, and provides for technical assistance and capacity building in the area.



*"By ratifying the agreement, members have shown their commitment to the multilateral trading system. You have followed through on the promises made when this deal was struck in Bali. And by bringing the deal into force we can now begin the work of turning its benefits into reality."*

**Robert Azevêdo**  
Director General, WTO

# WTO's Trade Facilitation Agreement Enters into Force

## Implementation of the TFA

Developed country members of the WTO are committed to implement the provisions of the TFA in its entirety. The Agreement sets out a broad series of trade facilitation reforms, comprising 12 core provisions which should be immediately implemented by all developed country members upon its entry into force. The TFA prescribes many measures to improve transparency and predictability of international trade, creating a less discriminatory business environment. The TFA's provisions include improvements to the availability and publication of information about cross-border procedures and practices, improved appeal rights for traders, reduced fees and formalities connected with the import and export of goods, faster clearance procedures and enhanced conditions for freedom of transit for goods. The Agreement also contains measures for effective cooperation between customs and other authorities on trade facilitation and customs compliance issues.

Developing countries, on the other hand, will immediately apply only the TFA provisions that they have designated as "Category A" commitments. For the other provisions of the Agreement, they must indicate when these will be implemented and what capacity building support is needed to help them implement these provisions, known as Category B and C commitments. These can be implemented at a later date with least-developed countries (LDC) given more time to notify these commitments.

The TFA is a significant multilateral agreement for developing and LDCs, in that it provides these members with the ability to establish their own implementation timetables for the agreement, based on their capacities to do so. For the first time in the history of the WTO, the requirement for implementation of an agreement was directly linked to the capacity of the particular Member. The TFA was ground breaking for developing and LDC Members of the WTO, as implementation of its provisions was based on national capacity. Additionally, the TFA provides support for developing and LDC members in building their capacities, which is entrenched in the agreement. The Trade Facilitation Agreement Facility (TFAF) was created at the request of these members to guarantee that the assistance needed to fully implement the TFA is received and that each member is fully capable of exploiting the Agreement's full benefits.

## TFA Categories of Commitments

### Category A Notifications

Under the TFA, developing and LDC Members are to notify the WTO of which provisions they will implement upon entry into force. Such provisions do not have a transition period, and are called Category A notifications. Category A notifications are determined based on self-designation, and become binding on Members upon the Agreement's entry into force.

### Category B Notifications

Category B notifications are those provisions that will be implemented after a transitional period has passed, following the Agreement's entry into force. The principle of self-select is used to determine the implementation date for Category B provisions which would then become binding upon the Member. These are typically provisions which the member only requires time to be able to implement.



Robert Azevêdo  
Director General, WTO

*"But this is not the end of the road. The real work is just beginning. This is the biggest reform of global trade in a generation. It can make a big difference for growth and development around the world. Now, working together, we have the responsibility to implement the Agreement to make those benefits a reality."*



# WTO's Trade Facilitation Agreement Enters into Force



## Category C Notifications

Category C notifications are those provisions that will be implemented upon the acquisition of capacity through technical and financial assistance, and will also require a transitional period following the Agreement's entry into force. Implementation of Category C provisions is not required if capacity is lacking. A pre-notification process to guarantee the binding commitment from donors is required, which creates additional time for developing and LDC Members to ensure that the commitment for assistance would be obtained, prior to notifying their definitive implementation dates.

## Jamaica's TFA Notifications

Through its Permanent Mission in Geneva, Jamaica's Category A notification of the TFA provisions was submitted to the WTO in February 2015. Jamaica's commitments are in accordance with the provisions listed below:

### Category A Provisions:

Article 2.2: Consultations

Article 5.2: Detention

Article 7.9: Perishable Goods

Article 10.5: Pre-shipment Inspection

Article 10.6: Use of Customs Brokers

Article 10.8: Rejected Goods

Article 11.4: Freedom of Transit - Strengthened Non-



Discrimination

## Implementing the TFA in Jamaica



The process towards full implementation of the TFA is already underway in Jamaica and is supported by its national Trade Facilitation Task Force, as stipulated by the Agreement. Category A notifications become immediately binding upon entry into force of the TFA, and should present no challenges for Jamaica as these provisions are largely being practiced. Jamaica is positioned to increase its capacity in a number of key areas that will enhance trade facilitation and allow for greater efficiency in its customs operations. Through commitments by developed countries and donor institutions, Jamaica should be able to fulfill its TFA obligations, and notify its categories B and C commitments as capacities allow.

# WTO's Trade Facilitation Agreement Enters into Force

## Commitment to the Multilateral Trading System (MTS)

The WTO TFA has now entered into force, and the ratifications received solidifies the members' commitment to the MTS. The acceptance process requires WTO members to ratify a Protocol of Amendment to insert the TFA into Annex 1A of the WTO Agreement. The Agreement aims to streamline, simplify and standardise customs procedures around the world which should result in a general reduction of trade costs. With historically higher trade costs than developed countries, developing and LDCs stand to gain the most from the full implementation of the TFA. The Agreement promises a substantial diversification of trade for developing countries, as well as an increase in their export products, based on simpler market access provisions. Based on the TFA's design, developing and LDC members have the flexibility to tailor their implementation schedule according to their specific needs and levels of development, aligned with the notification of their categories of commitments. The developed countries, as well as donor organizations commit to provide practical support through the TFA to help members with their implementation, and encourage members that have not yet ratified to do so urgently, to fully benefit from the agreement's provisions.

A list of countries that have ratified the TFA is available on the WTO website, as well as additional information of trade facilitation at [www.wto.org/tradefacilitation](http://www.wto.org/tradefacilitation).



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*The International and Industry Liaison Unit is committed to raising the level of awareness on topics relating to the Caribbean Community, as well as issues concerning the wider topic of international trade, to both our internal and external stakeholders. Our monthly newsletter seeks to highlight global trade topics and their importance to Customs Administrations worldwide and specifically how they affect the Jamaica Customs Agency. As we realize our vision of becoming a modern Customs administration delivering excellent service, we recognize the importance of knowledge transfer in delivering our objectives and use this forum as our way of contributing to the vision of the JCA. The International Liaison Unit is located at the Myers Wharf head office and our officers are available to respond to your queries and clarify any points of concern.*

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