

**Negotiating Group on Trade Facilitation**

**TECHNICAL ASSISTANCE AND CAPACITY BUILDING  
ON TRADE FACILITATION**

Note by the Secretariat

*This document has been prepared under the Secretariat's own responsibility and without prejudice to the positions of Members and to their rights and obligations under the WTO*

1. One of the aims of the negotiations on Trade Facilitation is "enhancing technical assistance and support for capacity building in this area" (Paragraph 1 of the Group's mandate).

2. At the meeting of the Negotiating Group on 22-23 November 2004, the Chairman requested the Secretariat to prepare a working document that could serve as a basis for further discussions on this issue. The Secretariat was asked to follow-up in two areas in particular. One is to help Members clarify how best they can encourage and support the collaborative effort among international organizations that is called for in Paragraph 8 of the Group's mandate. The second is to help Members identify how they can make best use, in a practical way, of the technical assistance and capacity-building activities that are available – in particular, at this stage, to assess their individual needs and priorities on trade facilitation.

**I. TECHNICAL ASSISTANCE ACTIVITIES OF THE WTO SECRETARIAT**

3. The WTO Secretariat is available at all times to delegations in Geneva to provide technical assistance on matters relating to the work of the Negotiating Group. The Secretariat's aim is to provide delegations with substantive support to participate effectively in the negotiations.

4. In addition, the Secretariat has organized a programme of technical assistance activities on trade facilitation in 2005. These activities are described in the Technical Assistance and Training Plan 2005 (WT/COMTD/W/133/Rev.2). They consist of:

- Seven three-day regional workshops, in cooperation with the World Customs Organization, UNCTAD, and other relevant regional inter-governmental organizations. The regional workshops may be supplemented by a small number of national workshops, upon written request from individual Members and subject to the availability of Secretariat resources. The aim of the regional and national workshops is to assist delegations to participate in the negotiations by helping capital-based officials keep up-to-date with progress in the Negotiating Group in Geneva and providing them with background information and analysis on relevant WTO provisions that relate to the negotiations, in particular GATT Articles V, VIII and X. Following suggestions made by several delegations at the Group's last meeting, the Secretariat will endeavour to collect information from participants at these workshops on

the practical problems that they feel their governments encounter in the area of trade facilitation, and report on the results to the Group.

- Sessions dedicated to trade facilitation in the nine WTO Trade Policy Courses and two "Geneva Week" courses that are scheduled in 2005.

5. In the "July Package", the General Council encouraged improved coordination on trade-related technical assistance with other agencies, in particular through the Integrated Framework (IF) and the Joint Integrated Technical Assistance Programme (JITAP). In the context of JITAP, consideration is being given to introducing work on trade facilitation into the programme in 2005, and specifically to the possibility of holding two workshops during the course of the year in conjunction with the WTO's partner organizations, UNCTAD and ITC. Under the IF, customs reform and trade facilitation more generally have taken an increasingly important place in the preparation of Diagnostic Trade Integration Studies (DTIS) that are prepared to help define trade-related technical assistance and capacity-building needs and priorities in participating least-developed countries. Of the 14 DTIS that have been completed and validated to date, 12 contain detailed information on the trade facilitation needs of the countries concerned, and recommendations for policy reforms and trade-related technical assistance to be provided on a medium/high priority basis (relative to the priority given to other areas of policy reform and technical assistance). The 12 least-developed countries concerned are Burundi, Cambodia, Djibouti, Ethiopia, Guinea, Malawi, Mali, Mauritania, Mozambique, Nepal, Senegal, and Yemen. DTIS are under preparation for a further fourteen least-developed countries.

6. It is further foreseen to take part in technical assistance activities carried out by other relevant international organizations to the extent possible.

## **II. COORDINATION WITH OTHER RELEVANT INTERNATIONAL ORGANIZATIONS**

7. An effective programme of technical assistance and capacity building on trade facilitation will require a well-coordinated approach among implementing agencies, particularly international organizations which each have their own mandates and areas of expertise, and involving the donor community.

8. In cooperation with the OECD Secretariat, the WTO maintains a database that aims to provide comprehensive information on trade-related technical assistance and capacity building. It contains information on technical assistance and capacity building being provided multilaterally, regionally and bilaterally, in the area of trade facilitation. The database can be accessed by WTO Members on <http://tcbdb.wto.org> and used by them to keep track of trade facilitation projects underway in their countries and regions.

9. The WTO Secretariat participates in meetings of three bodies that have been set up to facilitate collaboration and coordination of technical assistance and capacity building on trade facilitation. The start of negotiations on trade facilitation in the WTO has attracted particular interest from implementing agencies and members of the donor community that participate in these bodies, and expressions of willingness on their part to contribute actively to the success of the negotiations.

10. The Global Facilitation Partnership for Transportation and Trade (GFP) groups together interested parties from international organizations, government agencies, and the private sector who want to cooperate to achieve significant improvements in trade and transport facilitation at the multilateral level. The GFP website is a valuable source of background materials and information on trade facilitation (<http://www.gfptt.org>). International organizations that are partners in the GFP are

the World Bank, WCO, WTO, UNCTAD, UNECE, UNESCAP, UNECLAC, UNESCWA, UNIDO, IMF, IMO, the Asian and Inter-American Development Banks, and the Commonwealth Secretariat. Government agencies that participate include the U.S. Customs Service, USAID, Agence Française de Développement, the Malaysian Ministry of Finance, the Turkish Ministry of Foreign Affairs, and the Swedish National Board of Trade. The private sector is represented by more than 70 companies, non-governmental organizations, such as the International Chamber of Commerce, and academic institutions such as the World Trade Institute and the China Institute of International Studies.

11. Inter-Agency Meetings on Trade Facilitation are held pursuant to a decision of the U.N. High-Level Committee on Programmes which governs the work programme of the U.N. and its related agencies. The meetings bring together all the U.N. organizations and related agencies with activities in the area of trade facilitation (e.g., WCO, IMF, World Bank, ISO). Donor governments sometimes also participate in these meetings. Meetings are held on a regular basis to coordinate activities, discuss technical assistance and other work, explore possibilities for joint activities, and ensure that there are neither gaps nor overlaps.

12. The International Trade Procedures Working Group aims to identify best practices in public and private sector international trade procedures. It has increasingly focused on trade facilitation issues under consideration in the WTO negotiations. It brings together U.N. bodies and other international organizations, representatives from interested national administrations, private sector associations and non-governmental organizations.

13. The existence of these bodies dedicated *inter alia* to coordinating technical assistance and capacity building on trade facilitation suggests that there is no need, at least for the time being, for the WTO to seek to establish a separate mechanism to undertake the collaborative effort that is called for in Paragraph 8 of the Group's mandate. As detailed requirements of WTO Members for technical assistance and capacity-building support become clearer, in the context of Paragraphs 4, 5 and 6 of the Group's mandate, the Secretariat will use its participation in the bodies listed above to convey the information to implementing agencies and the donor community, and to try to identify where support can be provided or where there may be gaps that need filling. The Secretariat will keep the Negotiating Group informed in this regard.

### **III. ASSESSING NEEDS AND PRIORITIES**

14. In July 2002, the Secretariat prepared a document compiling material available to it on "Trade Facilitation Needs and Priorities of Members" (G/C/W/393). The document contained information from ten delegations that made submissions through national experience papers – Australia, Canada, Chile, Costa Rica, Czech Republic, Guatemala, Hong Kong China, Korea, Maldives, Norway and Switzerland – and information drawn from the results of the 1998 Trade Facilitation Symposium and the 2001 Technical Assistance Workshop, as well as from relevant submissions by other organizations.

15. At the Group's last meeting, one delegation suggested compiling a database on practical problems encountered by customs officials in their day-to-day activities, to provide information for the Group and help raise awareness of problems at the ground level that require attention. One means of doing this would be to update the document cited above on the basis of further submissions from Members and information gathered by the Secretariat from participants at its technical assistance workshops.

16. Several delegations have stressed the importance that they attach to the negotiating modality of identifying their trade facilitation needs and priorities. They have expressed interest in diagnostic tools that can assist them to carry out such an exercise at the national level, and emphasized that they require a tool that can be applied on a country-specific basis, not a one-size-fits-all approach. Presentations made at the Group's last meeting by the WCO, World Bank and UNCTAD concurred on

the importance of accurate diagnosis of capacity-building needs on a case-by-case basis in order to produce effective country-specific responses. They also described the diagnostic tools that are available already, or are under preparation, which can assist Members to identify their needs and priorities.

17. The Customs Capacity Building Diagnostic Framework is a diagnostic tool that has been developed by the WCO covering all customs requirements and procedures, which the WCO uses to design its technical assistance and capacity-building support for customs administrations. It is freely available to all WCO member governments. It is a comprehensive and standardized diagnostic tool and project design/implementation guide, designed for both self-assessment and use by practitioners to diagnose capacity-building needs and priorities. It contains common questions, commonly observed weakness, possible solutions and improvement options and related reference materials, with respect to a wide range of customs issues.

18. The WCO is developing an extract of this Diagnostic Framework to support the WTO negotiations. It will be a self-assessment tool, for use by the country itself or by a consultant. By using it, a customs administration should be able to identify any difficulties, bottlenecks and gaps between its legislation and practices and the WCO instruments pertinent to GATT Articles V, VIII and X. The findings could provide a basis on which a WTO Member can identify its trade facilitation needs and priorities. It should be noted, however, that this diagnostic tool is designed for customs procedures only, and it does not necessarily cover all formalities and procedures related to importation, exportation and transit as described in the GATT Articles. It is expected that a first version of the tool will be available in February 2005. It will be modified and updated to take account of developments in the WTO negotiations.

19. The Time Release Study (TRS), also developed by the WCO, is used to assist a government to measure the average time taken between the arrival of goods at the border and their release into the domestic market. By using the TRS, WTO Members may be able to identify problems and bottlenecks in the cross-border movement of goods, and develop possible remedies. The findings might be used as an additional basis on which a Member can assess its trade facilitation needs and priorities. The TRS can also be used to stimulate efforts to improve the efficiency and effectiveness of customs clearance procedures. According to the WCO, several WTO members have already conducted a TRS (United States, Japan, Philippines and Kenya). The WCO is working closely with the World Bank on the development of a software programme to support the TRS, which will be available shortly.

20. UNCTAD assists its member governments to develop the capacity to assess their needs and priorities in the area of trade and transport facilitation through integrated regional and country-specific projects that it undertakes as part of its long-term technical assistance activities. In this context, it encourages the establishment of National Facilitation Bodies and National Trade and Transport Facilitation Committees, which allow the public and the private sector to analyze issues at stake collectively and develop solutions of common interest. Typically, the first phase of a project involves UNCTAD support to carry out diagnostic studies and look into institutional, legal, operational and human resources development issues, with seminars for government officials to better understand the issues at stake and to come up with an action plan. UNCTAD is designing new Guidelines to Assess Trade Facilitation Needs and Priorities, which it hopes will be available early in 2005.

21. The World Bank assists governments to assess their needs and priorities in the area of trade facilitation. To that end it uses a number of diagnostic tools, among them the WCO Customs Capacity-Building Diagnostic Framework. The Bank considers this to be a comprehensive diagnostic tool since it covers not only technical issues but also management-related issues, such as human resource management and development, good governance, and supporting issues such as having in place a sound legal framework.

22. The World Bank has published recently its Customs Modernization Handbook, which is complementary to the WCO Diagnostic Framework and which covers all issues of customs reform, including valuation, rules of origin, information technology, transit and integrity. The Bank has also published a Customs Modernization Initiatives Handbook, consisting of eight case studies of reform processes, highlighting what did and what did not work as well as the related costs and lessons learned.

23. The World Bank also conducts Trade and Transport Facilitation Audits, looking at the whole trade supply chain process and searching for ways of improvement. These audits are based on a Bank publication entitled "Trade and Transport Facilitation – An Audit Methodology". Audits have been conducted by the Bank in Malawi, Chad, Benin, Zambia, Guinea, Mozambique, Bangladesh, Dominican Republic and Tajikistan.

24. The World Bank has typically taken the lead in the preparation of Diagnostic Trade Integration Studies for least-developed countries in the context of the Integrated Framework exercise. Most of these studies have covered trade facilitation in detail, and their findings provide the basis for a country's assessment of its needs and priorities in this area.

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