



# THE TRADE FACILITATION AGREEMENT A SIMPLE GUIDE

- ▶ The Trade Facilitation Agreement (TFA) is a binding multilateral trade agreement between members of the World Trade Organization (WTO). The TFA was concluded in December 2013 and officially entered into force in February 2017. The agreement is designed to tackle the barriers to trade posed by burdensome border requirements. These barriers make it harder for businesses of all sizes to trade internationally but hurt small and medium-sized enterprises the most.
- ▶ By ratifying the agreement, countries commit to reducing red tape at borders—from measures to ensure quicker release and clearance of goods to better cooperation between border agencies.
- ▶ These reforms will increase transparency and efficiency, reduce bureaucracy and corruption and ultimately make trade simpler, faster and more cost-effective. Taken together, reforms have the potential to reduce trade costs by 14.3% on average and create around 20 million jobs, mostly in developing countries. The TFA is a unique opportunity to further development goals such as sustainable growth, poverty reduction and gender equality.

## WHAT DOES THE TRADE FACILITATION AGREEMENT PROVIDE?

### **PUBLICATION OF INFORMATION RELATING TO TRADE RULES AND PROCEDURES**

Governments have agreed to publish a wide range of customs-specific information (including on the internet) relating to trade procedures, including on duty rates and taxes, forms and documents, rules for goods classification and valuation, rules of origin, transit procedures, and penalties and appeals rules.

### **PRIOR CONSULTATION ON AMENDMENTS TO TRADE RULES AND PROCEDURES**

Governments have agreed to consult traders and interested parties before introducing new or amended laws related to the movement, release and clearance of goods.

### **STANDARDS ON ADVANCE RULINGS**

Advance rulings on tariff classification and origin will be binding once made, and will be provided in a time-bound manner. Governments are also encouraged to consider similar rulings for the valuation of goods. Procedures for requesting an advance ruling will be published, as will key decisions to help ensure the consistency of decision-making on advance rulings.

### **ENSURING INTERNAL COOPERATION AMONG AGENCIES**

All government authorities and agencies responsible for border controls are required to coordinate in order to facilitate trade. Coordination includes alignment of working hours, alignment of procedures and formalities, sharing of facilities, and one stop border post controls.

### **RULES TO ALLOW MOVEMENT OF IMPORTED GOODS FROM THE BORDER TO AN INTERNAL CUSTOMS OFFICE**

Goods intended for import will be allowed to be moved under customs control from the point of entry to another customs office, speeding the flow of goods at the borders.

### **REDUCING COMPLEXITY OF IMPORT/EXPORT/TRANSIT FORMALITIES AND DOCUMENTATION**

Governments have agreed to review formalities and documentary requirements for import, export and transit, including using international standards, single window systems, and prohibiting the mandatory use of customs brokers.

## **STANDARDS ON PROCEDURES RELATING TO APPEALS AND REVIEW**

Traders directly affected by a decision or omission by customs are to receive an explanation of reasons, and will have the right to appeal the decision.

## **TRANSPARENCY, IMPARTIALITY AND NON-DISCRIMINATION AT THE BORDER CROSSING**

Governments will publish notifications relating to procedures on the control of foods, beverages or feedstuffs at the border crossing, including offering the possibility of a second opinion when consignments are deemed unsafe.

## **RULES ON FEES AND CHARGES RELATING TO EXPORTS/IMPORTS**

Fees and charges relating to imports and exports will be limited to the approximate costs of the services rendered. Any penalties for breach of laws or regulations will be proportional to the breach, and the collection and assessment of penalties and duties will be guarded against conflicts of interest.

## **RELEASE AND CLEARANCE OF GOODS**

Customs procedures for the release and clearance of goods for import, export or transit will be standardized and improved. This includes commitments to maximize technology use, simplify rules as appropriate for authorized traders, publish release times, and encourage risk management and audit-based control in the inspection of cargo.

## **RULES ENCOURAGING FREEDOM OF TRANSIT**

Governments are encouraged to improve transit of goods to other countries, including providing dedicated transit

lanes, minimizing transit documentation requirements, and allowing advance filing for processing of documents.

## **INTERNATIONAL COOPERATION BETWEEN CUSTOMS**

Governments are to share information when customs requests information from another customs authority, particularly relating to verification of import or export declarations. Development of voluntary compliance systems allowing self-correction by business without penalty is encouraged.

## **CONSULTATION ON TRADE FACILITATION REFORMS**

Each government is required to form or maintain a National Committee for Trade Facilitation in order to coordinate the implementation of the agreement. Most governments are consulting with both public stakeholders and the business community as they prepare for the implementation of trade facilitation reforms. The WTO Trade Facilitation Committee serves as a permanent forum for WTO Members to share experiences related to the implementation of the TFA. The Committee's institutional arrangements and responsibilities can be found in Article 23 of the TFA.

## **SPECIAL ASSISTANCE FOR DEVELOPING AND LEAST DEVELOPED ECONOMIES**

The TFA provides for staged implementation for developing and least developed economies, allowing longer periods for compliance depending on need. Affected economies can also link commitments to the receipt of technical assistance and capacity-building support, as monitored by the WTO.

## **ABOUT THE GLOBAL ALLIANCE FOR TRADE FACILITATION**

The Global Alliance for Trade Facilitation is a public-private partnership for trade-led growth. We believe that international trade should be simple, fast and cost-effective, creating new business opportunities, enabling greater economic and social development and reducing poverty. Our work is designed to help governments in developing and least developed countries implement the World Trade Organization's Trade Facilitation Agreement. We bring together governments and businesses as equal partners to identify opportunities to address customs delays and unnecessary red-tape at borders, and design and deploy reforms that deliver commercially quantifiable results.



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