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ITC publishes business guide on new WTO trade facilitation agreement

Following the approval of the Agreement on Trade Facilitation at the World Trade Organization's (WTO) Ninth Ministerial Conference in Bali, Indonesia, earlier this month, the International Trade Centre (ITC) has published a [guide](#) for businesses and policymakers in developing countries explaining the operational elements and benefits of the agreement.

'It is important that traders understand from the start what new measures will come into force, so that they can make plans accordingly,' said Arancha González, ITC's Executive Director. 'Understanding the rules will also allow businesses to use them to reduce the costs of trading'

The agreement, which will cut red tape and ease and simplify customs formalities, is expected to increase global GDP by US\$ 1 trillion and create 21 million jobs, according to the Peterson Institute for International Economics. Meanwhile, the Organisation for Economic Cooperation and Development (OECD) suggests that the agreement could reduce trade transaction costs in developing countries by 13%-15.5%, thereby increasing the competitiveness of developing country exporters.

ITC [welcomed](#) the approval of the agreement, calling it an important tool in raising the competitiveness of small and medium-sized enterprises (SMEs) in developing countries. 'Effective trade facilitating procedures are critical for exporting SMEs as they allow them to connect to and move up value chains,' Ms. González said.

The [guide](#), which is available free of charge via ITC's web site, explains the provisions of the agreement in clear and jargon free language, with a focus on what businesses need to know from an operational perspective if they are to use the new rules as a platform to increase trade and decrease the cost and time of exporting.

The guide will help SMEs and trade support institutions understand the commitments taken by their governments and assist them in the identification and prioritization of capacity building needs. 'The Business Guide will help developing countries determine their implementation needs and will allow capacity building providers, including ITC, to better focus our assistance,' Ms. González said.

Articles in plain language

For instance, the guide explains how the article on 'Advance rulings' aims to address problems with inconsistent classification of goods by customs officials and the uncertainty it creates for traders. 'Advance rulings are binding decisions by customs...on the classification and origin of the goods in preparation for importation or exportation. Advance rulings facilitate the declaration and consequently the release and clearance process, as the classification has already been determined in the advance ruling and is binding to all customs officers for a period of time,' the guide explains. It goes on to list in jargon-free language the obligations and the procedure imposed on customs authorities related to advance rulings.

Reducing the on-the-spot decision making authority of individual customs agents thanks to advance rulings will also reduce bribery, the guide says. Corruption continues to be a key problem for developing-country exporters, who identified it as a major constraint on exports in a recent [survey](#) conducted by ITC.

The last chapter of the guide describes how the agreement will be implemented, including the special and differential treatment provisions that developing countries may invoke. Developing countries will be able to link the implementation of the commitments to technical assistance and support from donors. WTO member states will have to explicitly apply for delays for each commitment, which will need to be approved by the WTO and the implementation schedule published.

ITC has offered to provide [technical assistance](#) to developing countries in the implementation of the agreement: 'The earlier all the commitments are implemented in a country, the larger the benefits to their SME exporters,' Ms. González said.

The guide will be shortly available in French and Spanish as well.

ITC is the joint agency of the World Trade Organization and the United Nations. ITC assists small and medium-sized enterprises in developing and transition economies to become more competitive in global markets, thereby contributing to sustainable economic development within the frameworks of the [Aid-for-Trade agenda](#) and the [Millennium Development Goals](#).

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