Improving SMEs Competitiveness for exports through implementation of the Trade Facilitation Agreement

Kiev, April 29th, 2014

Dr Mohammad Saeed
Senior Trade Facilitation Adviser
What traders want to improve their exports competitiveness?

<table>
<thead>
<tr>
<th>At-the-borders</th>
<th>Behind-the-borders</th>
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<tbody>
<tr>
<td><strong>Predictable and transparent rules and procedures</strong></td>
<td><strong>Adequate infrastructure</strong> to support trade and transport goods quickly and securely</td>
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<tr>
<td>• Business need to know what to expect before planning a transaction</td>
<td>• Ports, roads, rail, storage facilities</td>
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<td><strong>A single control point for all public services</strong></td>
<td><strong>Service providers who can connect buyer and seller</strong> efficiently</td>
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<td>• To reduce duplication of efforts</td>
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<tr>
<td><strong>Standardized forms</strong>, assembled into a ‘single bunch of documents’</td>
<td><strong>Means to allow goods to proceed promptly to their final destination</strong></td>
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<tr>
<td>• Compatible with trade documents and transport contracts, preferably in electronic format</td>
<td>• No longer itineraries, no unpacking, no delays</td>
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<tr>
<td><strong>Simple and smooth processing of formalities</strong></td>
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Have the comfort to be part of the policy making process
The Trade Facilitation Agreement meet SMEs’ requirements

<table>
<thead>
<tr>
<th>What traders want ?</th>
<th>What does the TFA provide ?</th>
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<tbody>
<tr>
<td>Predictable and transparent rules and procedures</td>
<td>Art. 1 – Easily accessible trade related information</td>
</tr>
<tr>
<td></td>
<td>Art. 3 – Issuance of advanced rulings</td>
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<tr>
<td>A single control point for all public services</td>
<td>Art. 10 – Establishment of a “single window” that allows traders to submit documentation to a single entry point</td>
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<tr>
<td>Standardized forms</td>
<td>Art. 10 – Use of international standards in an effort to promote uniform documentation and data requirements.</td>
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<tr>
<td>Simple and smooth processing of formalities</td>
<td>Art. 10 – Review and reduce formalities and documentation to diminish administrative obstacles to trade</td>
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<td>Be part of the policy making process</td>
<td>Art. 2 – Opportunity to comment regulations before entry into force and regular public-private consultation</td>
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<td></td>
<td>Art. 13 – Set-up of NTFC</td>
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</table>
What has the Ukraine government committed to under international obligations? Selected other TFA provisions

**Transparency measures**

Art. 4 - Traders have the right for administrative review and judicial appeals procedures

Art. 5.2 - Traders are entitled to be promptly inform in the event their goods are detained for inspection

Art. 5.3 - Traders have an opportunity for confirmatory test in case the test results are at variance with their declarations

**Process simplification**

Art. 7.1 - Traders have right to submit documents in advance of arrival of goods for processing

Art. 7.7 - Compliant traders designated as ‘Authorized Operators’ would have access to additional TF measures

Art. 10 - Facility for temporary admission, inward and outward processing
ITC vision: implement the TFA ensuring private sector interests are taken into account

TFA implementation

- Regulatory reforms
- Customs and border agencies capacity building
- Border processes optimisation
- Publication of trade procedures

Private sector support

- Raising awareness
- Training
- Capacity building
- Strengthening TSI network

Ministries, customs and other border agencies → Public-Private Dialogue → Traders, exporters freight forwarders

Public-Private Dialogue

Stakeholder alignment on key reforms to improve the country export competitiveness
ITC delivers its TF program in 4 priority areas

Improving SMEs Competitiveness for exports through implementing the Trade Facilitation Agreement

1. Comply with TFA short term requirements
   - Ministries, customs and other border agencies

2. Implement Public-Private dialogue provisions of TFA
   - Ministries, customs and other border agencies

3. Implement transparency measures of TFA
   - Ministries, customs and other border agencies

4. Strengthen SMEs ability to cross borders
   - Traders, exporters, freight forwarders

Mobilize private sector operators to collectively present their perspective in TF policy formulation
Partner with other trade facilitation agencies and Private sector organisations to achieve synergies
Mainstream regional integration dynamics and promote sharing of south-south best practices
Strengthen capacity of Trade supporting Institutions (TSIs) on Trade Facilitation
Area ①: Comply with TFA short term requirements

**Objectives**
- Allocate TFA provisions into A, B, or C categories and estimate indicative and definitive implementation dates
- Support domestic ratification process for acceptance of protocol of amendment and notifications to the WTO
- Support evaluation of financial and technical assistance required for Category C provisions
- Assist in preparing bankable project plans to raise donor funds and mobilize technical assistance

**On-going projects**
- Maurice
- Ecuador

ITC is currently responding to over 21 requests from developing countries, 15 of which are LDCs.
## Area 2: Implement Public-Private dialogue provisions of the Trade Facilitation Agreement

<table>
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<tr>
<th>Provisions</th>
<th>National TF Committees</th>
<th>Private sector consultations</th>
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<tbody>
<tr>
<td>Article 13</td>
<td></td>
<td>Article 2</td>
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</table>

- Set-up or strengthen National TF committees
- Raise TF Committee members on the TFA requirements
- Define private sector involvement in TF
- Raise awareness and build capacity of private sector on the TFA and national obligations
- Strengthen role of private sector in policy formulation through consultations

**These 2 measure serve as levers for the implementation of the rest of the Agreement.**

Activities carried out by ITC
Area 3: Implement transparency measures of TFA

Information transparency is a pre-requisite to strengthen SMEs ability to cross borders

Transparency

Mesures

Article 1

- Publish national trade procedure guide that gather all information, regulations, processes and forms
- Publish on line selected key trade information: key process, tariffs, forms…
- Set-up or strengthen enquiry points and train the officials for efficient operations of EPs
- Publish Best-Practice Guide: Potential collaboration with WEF and Bain & Co.

Activities carried out by ITC

Once information is available, the ITC support SMEs in complying with existing rules

Strengthen SMEs ability to cross borders

Traders, exporters freight forwarders
## Area 4: ITC engages in trade facilitation projects dedicated to SMEs

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Activities carried out by ITC</th>
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<tbody>
<tr>
<td><strong>ITC engages in trade facilitation projects dedicated to SMEs</strong></td>
<td><strong>Training SME to customs regulations</strong></td>
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<td></td>
<td>Reduce transaction costs and delays due to non-compliance with border-crossing rules</td>
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<td></td>
<td>Support informal cross-border traders</td>
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<td></td>
<td>Facilitate land cross-border trader for small scale operators</td>
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<td></td>
<td>Further connect SMEs to global value chains</td>
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<td></td>
<td>Connect SMEs with logistic providers</td>
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<td></td>
<td>Reinforce interfaces between exporting SMEs and Logistics Service Providers</td>
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<tr>
<td></td>
<td>Facilitate small cargo consolidation</td>
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<td></td>
<td>Establish dedicated protocols connecting SMEs with logistics services providers</td>
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**Activities carried out by ITC**

- Publish technical materials on compliance with trade procedures
- Organize training sessions on trade procedures dedicated to private sector
- Organize workshops on recurring operational bottlenecks involving trade agencies and cross-border traders
- Reinforce promotion of informal Cross-border traders for graduating to formal economy
- Strengthen registered traders’ Associations and trader’s networks
- Establish services Hubs at land-borders to support traders managing customs operations
- Reinforce interfaces between exporting SMEs and Logistics Service Providers
- Facilitate small cargo consolidation
- Establish dedicated protocols connecting SMEs with logistics services providers

**Objectives**

- Reduce transaction costs and delays due to non-compliance with border-crossing rules
- Publish technical materials on compliance with trade procedures
- Organize training sessions on trade procedures dedicated to private sector
- Organize workshops on recurring operational bottlenecks involving trade agencies and cross-border traders
- Facilitate land cross-border trader for small scale operators
- Further connect SMEs to global value chains
The Way Forward for the private sector

- Be aware what is happening in the world
- Align and equip yourself with emerging trade realities
- Collaborate among yourselves
- Develop partnership with government regulators
- Benchmark with peers and globally

It is a continuous process
Concluding Thoughts

Trade-related costs must be reduced
• For the private sector to use trade as a vehicle for growth, diversification and innovation

Trade facilitation helps achieving this goal
• TF reduces both border and behind-the-border processes costs

Trade Facilitation and SMEs involvement in value chains are closely linked
• SMEs are particularly vulnerable to cumbersome cross-border processes

Trade facilitation is most effectively pursued when stakeholders work in coordination
• Government, SMEs, TSIs, TNCs, and development partners

ITC, as the development partner for SMEs, has a comparative advantage in facilitating this process
THANK YOU FOR YOUR ATTENTION:

For further information,
Mohammad SAEED
Senior Adviser, Trade Facilitation
saeed@intracen.org