Implementation of the WTO TFA by LLDCs and transit countries

Poul Hansen, Chief Trade Facilitation UNCTAD
How much do LLDCs pay for the transport of their imports?

Transport and insurance costs of international trade (as % of the value of imports)

In 2016, average transport costs represented about 19% of the value of imports for LLDCs compared with a world average of 15%.

The LDCs grouping includes 48 countries for all periods up to 2016.
WTO TFA LLDC relevant articles

- Article 11
- But also...
  - Article 1.1. Publication
  - Article 1.2. publication on the Internet
  - Article 2.1. opportunity to comment
  - Article 6.3. penalties
  - Article 7.7. Authorized Operators
  - Article 8. Border Agency Cooperation
  - Article 10. Formalities (various)
  - Article 23.2. NTFC
Multi stakeholder approach is needed

- What are the multiple players?
- What are the multiple interventions?
- What are the different laws and regulations?
Share of Categories A, B, C by region

Based on % of all notifiable article items
11 – Transit

Africa
Asia & the Pacific
Commonwealth of Independent States (CIS)
Europe
Latin America & The Caribbean
Middle East
<table>
<thead>
<tr>
<th>Member</th>
<th>Notified A</th>
<th>Notified B</th>
<th>Notified C</th>
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## LLDC WTO TFA Art. 11 notification (2)

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## LLDC WTO TFA Art. 11 notification (3)

### Important that LLDCs implement!

What is the situation for transit countries?

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WHAT TO CONSIDER FOR A GOOD FUNCTIONING OF TRANSIT?

International and Regional standards, WCO, UNECE, Regional standards (EAC, TIRE etc)

Implementation of TFA:
Article 11 and other relevant articles

Complexity of transit procedures:
Goes beyond customs

Transit coordinator

Infrastructure
General considerations for transit

Transit procedures

• Transit management
• Information exchange, automated transit
• Guarantee mechanisms,
• Harmonized legal and security requirements,
• Fees and charges,
• Joint controls, coordinated border management,
• Mutual recognition of customs seals,
• And other facilitation measures.
Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to an understanding on: (a) charges; (b) formalities and legal requirements; and (c) the practical operation of transit regimes.
Each Member shall endeavor to **appoint a national transit coordinator** to which all enquiries and proposals by other Members relating to the good functioning of transit operations can be addressed.

WTO TFA Article 11. 17 Transit Coordinator
Efficient management of transit requires exchange of information between transit countries; the information can be requested by the first point where transit started, the country of transit and/or the country of destination.

The information requested may be related to risk management or help to prevent transit offences.

Therefore, there is a need for appointing a focal person to coordinate and facilitate a timely exchange of information.
<table>
<thead>
<tr>
<th>WTO TFA Art. 8.1: Transit coordinator National coordination</th>
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</thead>
<tbody>
<tr>
<td><strong>Coordinated Border Management arrangement</strong></td>
</tr>
<tr>
<td>● Each key agency to designate a transit focal point</td>
</tr>
<tr>
<td>who will work closely with the transit coordinator</td>
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<tr>
<td>● Transit coordinator to participate in CBM meetings</td>
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<tr>
<td><strong>National Trade Facilitation Committee</strong></td>
</tr>
<tr>
<td>● Be a member or ad hoc member of the NTFC</td>
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<tr>
<td>● Work closely with the enquiry point officer</td>
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<td>● Follow up with the publication of information on</td>
</tr>
<tr>
<td>transit</td>
</tr>
<tr>
<td><strong>Use of other national forums: Committee on NTBs</strong></td>
</tr>
<tr>
<td>● To report transit issues</td>
</tr>
<tr>
<td>● To have a better understanding of transit issues</td>
</tr>
<tr>
<td><strong>Single Window</strong></td>
</tr>
<tr>
<td>● Communicate with other border agencies through SW</td>
</tr>
</tbody>
</table>
WTO TFA Art. 8.2: Coordination with other members:

Coordinated Border Management arrangement:
- One Stop Border Post (OSBP)

Establish a mechanism to receive and respond to the enquiries of other members:
- To establish a call center or hot line
- E-mail group
- Create closed user group
- Globally Networked Customs System
- Transit network address books (the EU type)

Regional forums:
- To discuss transit issues
CHALLENGES of a Transit Coordinator

- Lack of cooperation
- Lack of skills and knowledge about transit operations (HR)
- Resources
UNCTAD TRANSIT COORDINATOR TRAINING

• Regional training workshops
• Training and capacity building and expereince sharing with transit coordinators
• Develop Terms of Reference
• Draft Work plan for national transit coordinator
• Establish network
Sustainable Transit and Transport Corridors to support LLDCs Trade

During recent years a complementary approach to transit agreements that has been developed is transit transport corridor and cluster arrangements.

Transit transport corridors can be described as designated routes (unimodal, multimodal/intermodal) between two or more countries along which the corridor partners have agreed to cooperate, to apply and facilitate procedures and to provide support services, and promote regional integration and economic cooperation between neighbouring states.

Transit transport corridors link hard infrastructure (e.g. roads, rails, waterways, ports, border posts, and other facilities) and soft infrastructure (institutional, legal and regulatory framework, documents, standards, operational and logistics services, and ICT/technology) which allow for the development of a good physical infrastructure and harmonized and simple procedures along a corridor between LLDCs and transit countries, and promote coordination and cooperation among all relevant stakeholders, public and private.
Formalized corridor management is about getting the various parties (public and private) to coordinate, cooperate, produce plans and policies and implement targeted/focused interventions that complement efforts, in a collaborative approach.
UNCTAD ongoing activities to develop and improve the overall sustainable performance of corridors includes:

a) **Building institutional capacity through corridor management arrangements and regulatory framework**, to strengthen the operational performance and management of corridors; promote coordination and collaboration among corridors stakeholders, public regulators, private operators, etc... **E.g. IsDB and ADB cooperation**

a) **Promoting sustainability principles along corridors.** Relevant principles include **economic efficiency** (i.e. seamless transport and trade movements, cost-effective, competitive, reliable, run smoothly and effectively, energy efficient, safe, etc.), **environmental sustainability** (i.e. environmentally-friendly, low-carbon, clean energy use, climate resilient, etc.), and **social inclusiveness** (i.e. affordable, accessible, supports rural areas and key sectoral development, etc.). **E.g. Northern and Central Corridors in East Africa**
Strategy – Central Corridor

Sustainable Economic Value Corridor

Reduced Emissions
1. Reduce Air pollution
2. Reduce GHG Emissions

Improved Health
1. Reduce freight transport accident fatalities
2. Improve labour conditions

Improved Trade Competitiveness
1. Reduce Freight Costs
2. Improve Energy Efficiency
3. Reduce Travel Time and Delays
4. Improve Infrastructure
5. Improve freight productivity
6. Improve accessibility and connectivity
7. Improve security for freight movement
8. High employment generation

• By 2030, Central Corridor is a “Sustainable Economic Value Corridor”
• Draft Strategy - 2018-2023
• ~ 5 targets, 18 Strategies
Infrastructure and facilitation
Must go hand in hand

- Roads
- Constructions
- High technology (cargo tracking, scanners)
- ICT
Thank you
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