



TAX TALK

TRADE FACILITATION

Fiji is a member of the World Trade Organization (WTO) and is a party to the Trade Facilitation Agreement (TFA) since May 2017. Being a party to the Trade Facilitation Agreement will enable Fiji to facilitate the flow of goods across borders reducing any “red tapes” that exist in the movement of goods which can be costly and time consuming for traders.

In this week’s Tax Talk we will focus on Trade Facilitation Agreement and the important role Customs plays in the implementation of Trade Facilitation Agreement in Fiji.

Trade Facilitation

According to the World Trade Organisation definition Trade facilitation is ‘the simplification and harmonization of international trade procedures’ where trade procedures are the ‘activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade’. The Trade Facilitation Agreement creates a significant opportunity to improve the speed and efficiency of border procedures, thereby reducing trade costs and enhancing participation in the global value chains that characterize international trade today.

Trade Facilitation Agreement

The TFA is a global reform of customs procedures which seeks to improve efficiency in trade across borders. Collaboration and having better defined roles amongst the relevant border agencies contribute to the efficiency at the borders and reduction in the cost and time taken to clear goods. The Trade Facilitation Agreement contains specific provisions for expediting the movement, release and clearance of goods including goods in transit. It is expected to improve transparency, increase possibilities to participate on global value chains and reduce scope for corruption.

The Trade Facilitation Agreement contains provisions for faster and more efficient customs procedures through effective cooperation between customs and other appropriate authorities. Its main purposes are as follows:

- clarify and improve transparency around fees and formalities, support efficient procedures, promote freedom of transit, and support effective and modern procedures to enable the movement, release clearance of goods;
- establish a basis for effective cooperation between customs or other relevant authorities on trade facilitation and customs compliance issues;
- enhance technical assistance and capacity building support in this area; and
- trade cost reductions.

The World Trade Organisation Trade Facilitation Agreement comprises of different articles

as summarised below:

<p>Section I</p> <ul style="list-style-type: none"> • Articles 1 – 12 	<p>Provisions for expediting the movement, release and clearance of goods, including goods in transit</p>
<p>Section II</p> <ul style="list-style-type: none"> • Articles 13 – 22 	<p>Special and differential treatment (SDT) provisions that allow developing and least-developed countries (LDCs) to determine when they will implement individual provisions of the Agreement and to identify provisions that they will be able to implement upon the receipt of technical assistance and support for capacity building</p>
<p>Section III</p> <ul style="list-style-type: none"> • Articles 23 – 24 	<p>Provisions that will establish a permanent committee on trade facilitation at the WTO and require Members to have a national committee to facilitate domestic coordination and implementation of the provisions of the Agreement</p>

Benefits of the Trade Facilitation Agreement

- Reduction in waiting time for goods in transit, customs release and clearance;
- Reduction of trade transaction costs for traders, especially for Small Medium Enterprises;
- Effectiveness of border controls;
- A more transparent and efficient regulatory climate for investors;
- Improvement of efficiency morale and integrity of customs agencies;
- Improved relations between authorities involved in border control related activities and the business/trading community; and
- Better functioning of public agencies and a more reliable basis for implementation of government policy.

Why Customs plays an important role implementation of Trade Facilitation Agreement

Customs play an important role in the implementation of the Trade Facilitation Agreement, whereby 98% of the contents of section (I) of the Trade Facilitation Agreement are customs related and the same is achieved through working in collaboration with other government agencies including the Customs Brokers and Forwarders Council of Fiji (CBFCF). At the international level, trade facilitation has become an important aspect of global trade. Within the World Trade Organisation negotiations, General Agreement of Tariff and Trade (GATT) Articles relates to trade facilitation. These articles deal with trade facilitation issues and specifically address the following requirements in the table shown below for the publication of laws, regulations, and procedures, including internet publication:

<ul style="list-style-type: none"> • Provisions for advance rulings 	<ul style="list-style-type: none"> • Discipline on fees, charges and penalties
<ul style="list-style-type: none"> • Pre-arrival processing of goods 	<ul style="list-style-type: none"> • Use of electronic payment
<ul style="list-style-type: none"> • Guarantees to allow rapid release of goods 	<ul style="list-style-type: none"> • Use of authorized operator schemes
<ul style="list-style-type: none"> • Procedures for expediting shipments 	<ul style="list-style-type: none"> • Faster release of perishable goods

<ul style="list-style-type: none"> • Reduced documents and formalities with common customs standards 	<ul style="list-style-type: none"> • Promotion of the use of a Single Window
<ul style="list-style-type: none"> • Uniformity in border procedures 	<ul style="list-style-type: none"> • Temporary admission of goods
<ul style="list-style-type: none"> • Simplified transit procedures 	<ul style="list-style-type: none"> • Provisions for Customs cooperation and coordination

One reason why trade facilitation is seen as complex as well as an important agenda item for international organizations such as the World Customs Organization (WCO) and World Trade Organization is because international trade operations involve a number of government organizations and private sector entities.

Apart from Customs, other government agencies also play a part in the control of national borders and the movement of goods. It is therefore important to assess the roles of other government organizations to identify the institutional limitations of these agencies and to remedy the limitations when seeking to reduce the overall transaction costs.

Fiji's contribution towards National Trade Facilitation Committee (NTFC) objectives

The National Trade Facilitation Committee (NTFC) was set up in the year 2018 comprising of the Permanent Secretary of Ministry of Commerce, Trade, Tourism and Transport) as the Chair and is Co-chaired by the chief Executive Officer of FRCS and Customs Brokers and Forwarders Council of Fiji (CBFCF) President. . The purpose of the National Trade Facilitation Committee is to facilitate both domestic coordination and implementation of provisions of the Trade Facilitation Agreement.

The role of the NTFC are :

1. Implementation of a National Risk Management Framework for all border agencies;
2. Implementation of single window system for import and export process as a one stop shop. Single Window can be described as a system that allows traders to lodge documentation to achieve entry, clearance, and release of their goods, from a single convenient location. Other border agencies requirements can also be uploaded at the single window portal which will reduce the run around time for our business community;
3. A Single Window is intended to save time, eliminate redundancy and lessen the administrative burden on the global trading community; and

Flow of import and export documents are one of the most effective ways of expediting the movement and clearance of goods and ultimately improving trade; therefore, a single window approach will be ideal for this purpose.

In addition, FRCS is currently piloting an electronic platform with key border agencies which would link all trade facilitation agencies to the ASYCUDA World system, a system that FRCS is currently using in facilitating the import and export cargo clearances.

To access the TFA, visit the WCO website with the link; https://www.wto.org/english/tratop_e/tradfa_e/tradfa_introduction_e.htm and for more information and feedback please email us on info@frcs.org.fj.