

TRADE FACILITATION

Maximising the Developmental Benefits of
Trade Facilitation,
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Overview of presentation

- Trade Facilitation and SDT – benefits, costs and challenges
- SDT and technical assistance
- Next steps and future agenda



SDT: Benefits, costs and challenges

Results of DDA negotiations to take fully into account principle of SDT. Modalities include:

Extending SDT beyond traditional transition periods - extent and timing of entering into commitments to be related to implementation capacities

Special provisions for least developed countries to take account of individual development, financial and trade needs and administrative capacity



Benefits

Business

- Saves money and time
- As trade increases, bottlenecks increase - “Just-in-time”
- Costs of “non-facilitation” high for competitiveness

Government

- Higher revenue collection
- Improve controls and security
- Better investment climate
- Land-locked countries have particular interest



Costs

Reforms tend not to be very burdensome

Any initial investment costs outweighed by benefits

Costs rapidly recouped through higher revenue collection



Examples

Mozambique In two years, revenues increased by over 50% despite significant tariff cuts

Peru: Customs revenue quadrupled over a 5 year period largely due to Trade Facilitation reforms.

Ghana Government revenue from customs increased from 8 to 13% of GDP in the ten-year period to 2002 following a reform programme.



Challenges for African Countries

- Road and rail infrastructures
- Regional transport regimes
- Roadblocks
- Different standards & rules
- Customs delays



Technical assistance

- Many Trade Facilitation activities already:
 - World Bank: \$300m 1996-2003; over \$1bn 2004–06
 - EU: Trade a key development priority
Trade facilitation and customs prioritised
Strong regional integration focus
 - UNCTAD, WCO, WTO, bilateral donors...
- Ongoing efforts to improve



Technical assistance – EC programmes

- EC regional programmes – Western Africa, Southern Africa, Caribbean, Central America, Asean, Eastern Europe...
- EC national programmes – Egypt, Bangladesh, Sri Lanka, Rwanda, Argentina, Philippines, Indonesia...
- EC infrastructure projects - transit corridors in Africa, ports, border crossings...



SDT - state of play of negotiations

2 submissions in July

(1) **Core Group** (Bangladesh, Botswana, Egypt, Cuba, India, Indonesia, Jamaica, Kenya, Malaysia, Mauritius, Nigeria, Philippines, Rwanda, Tanzania, Trinidad and Tobago, Uganda, Venezuela, Zambia and Zimbabwe)

(2) 21 developing and developed countries (including EC)

ACP (November 2005) and Africa Group (May 2006)
submissions on technical assistance and special
differential treatment



SDT - state of play of negotiations

Common structure but differences in substance:

Self -assessment of each developing country's needs and priorities

Draw up tailor-made implementation plans

Multilateral review

Technical assistance to support process and implementation



Conclusion: Trade Facilitation in the DDA: Why?

- Trade facilitation is already part of WTO
- Boosts domestic reforms
- Boosts export market reforms
- WTO has universal membership
- Sets global standards
- Mobilises international aid effort
- Best endeavours are just that



Conclusion: An agenda for African Countries?

Use flexibilities in DDA mandate

Use WTO to leverage domestic reforms and secure funding

Seek WTO commitments from neighbours

Seek WTO commitments on technical assistance

Incorporate TF in trade and development strategies

Undertake needs assessments

