

Trade Liberalization of 21st Century: International Harmonization of Trade Procedures

E-Leaders

Prague, 1 – 3 June, 2015

Ludmila Sterbova

University of Economics, Prague

Trade Procedures – barriers to trade

Customs procedures

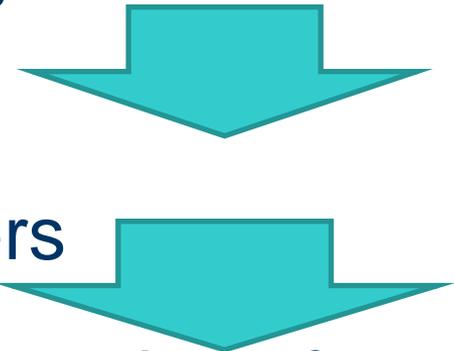
Administrative processes } domestic
Infrastructural procedures } policies

Differ country to country

Challenge all exporters and importers

Different procedures for each target territory for all exporters

-mostly influenced: SMEs



Goal: harmonization of trade procedures

- Preceded stage: trade facilitation
 - to make administrative procedures related to trade more easy and less burdensome
- Reason:
 - Decrease of transaction costs
- Very important aspect: multilateralism

Analyses of different international organizations/1

- OECD analyses: different approaches from developed and developing countries
 - Developed: supportive – part of their export promotion, their regulatory barriers low
 - Developing: reluctant – high costs for implementation, use of administration barriers for trade protectionism (OECD 2006, 2009, 2013)
- UNCTAD
 - One transaction – activity of 20 – 30 different subjects, 40 documents, 200 pieces of information that are repeated 30 times from at least 30 % (UNCTAD 2014)

Analyses of different international organizations/2

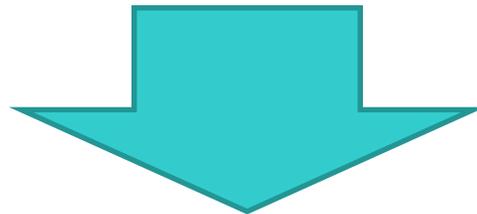
- APEC (Asia-Pacific Economic Cooperation)
 - Outcome from trade facilitation – increase of 0,26 % GDP and decrease of import prices of 1-2% in the APEC countries (APEC 1997)
- World Bank
 - Decrease of 0.2 % of import prices, more in developing countries (up to 3,4%) (World Bank 2009)
- OECD
 - Decrease of import prices by 15% in developing countries, by 10 % in developed countries (OECD 2009)

Cost of trade facilitation

- From 3,5 to 19,7 millions Euro for 3 – 5 years period
- Operational costs: not more than 2,5 millions Euro.
 - The most costly: implementation of information technologies and mechanism of „single window mechanism“ for all procedurs
 - The most positive impact: education of employees
 - Some measures costly for implementation, however less costly for operations
 - Some need political will more than investment (OECD 2013).

Activities of countries

- Developed countries
 - Support for trade facilitation
- Developing countries
 - Concerns: cost of implementation



Trade assistance in implementation of trade facilitation measures from developing countries

Activities of countries: EU

- Initiated trade facilitation within the WTO
 - 400 millions Euro in five years for trade facilitation in developing countries
- Bilateral trade agreements
 - Effectiveness and transparency of customs procedures, one stop agency for customs process and related information, transparency, information standardization, preliminary customs procedures before the good comes to the customs

Activities of international organizations

- World Customs Organization
 - Many initiatives
 - Analysis example: north corridor of East African Community (EAC) from Mombassa (Kenya) to the customs office inside territory in Kampala (Uganda): slow transport of good is caused by stocking of customs declarations, lack of infrastructure and office hours of governmental institutions (WCO 2014).

Activities of international organizations

- UN Economic Commission for Europe
 - Since 1974
 - National centres for identification of problems that increase costs of foreign trade of the country and for information on best practices in trade facilitation
 - 60 centres

Activities of international organizations

- World Trade Organization
 - Since 1996
 - 2001: part of negotiations
 - 2013: agreement on agreement on Trade Facilitation
 - 2014: Agreement on Trade Facilitation

WTO – trade facilitation:

- Definition – simplification and harmonization of procedures of international trade, for which activities, practices and formalities related to collection, transmission and treatment of data of trade flows in international trade are (Moïsé, Orliac, Minor 2011)
- GATT: Art. V: freedom of transit, Art. VIII: fees and formalities at importation, Art. X: publication and administration of regulatory trade measures
- Technical assistance and capacity building ensured (WTO 2001)

WTO – negotiations on TF

- Liberalization of trade through effective aid from developer countries (interested in facilitation of trade procedures)
- Two parts of negotiations:
 - Technical aspects: details of improvement of procedures
 - Special and differential treatments for developing countries, technical aid and capacity building for the agreements
 - Single undertaking part

WTO – meaning of it all

- Technical aid: time frame analysis for discovering reasons for very long trade procedures
- Single undertaking: TF agreement could be signed only if consensus is reached to all parts of negotiations

WTO – TF Agreement of 2014 (now in ratification proces)

- Normes for publication of legal acts, regulations including procedures and internet publications, fees and penalties, preliminary income of goods, use of electronic payment, guarantees for an imediate customs clearance, autorized operadores, procedures for imediate load of goods,formalities for common customs standards, use of one administration point, unification of procedures at borders, simple transit procedures, customs cooperation and coordination, electronic exchange of information, establishment of one national information office.
- Special and differential treatment for developing countries: when implementation of individual measuere, identification of provisions for which technial aid and capacity building is needed
- Commitments to be implemented at the moment of comming of the TFA in force

Conclusions

- Liberalization of international trade: the only way in 21 Century
- Goal: harmonization of trade procedures = the same trade related forms, the same declarations, the same administrative obligations at all markets
- Results: decrease of transactions cost, decrease of space for bribery, decrease of prices for consumers