

Update on WTO Trade Facilitation Agreement (TFA)

**Presentation to the Parliamentary Portfolio Committee
on Trade and Industry**

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Background

- Raised for the first time at the World Trade Organisation (WTO) Ministerial Council (MC) in Singapore in 1996.
- Trade Facilitation negotiations began in July 2004 & WTO members mandated to clarify & improve GATT Articles V (Freedom of Transit), VIII (Fees and Formalities connected with Importation & Exportation), & X (Publication and Administration of Trade Regulations).
- Trade Facilitation Agreement (TFA) concluded at Bali MC in December 2013
- 27 November 2014, WTO members adopted the Protocol of Amendment inserting the TFA into Annex 1A of WTO Agreement.
- Entry into force – once two-thirds of members have deposited instrument of acceptance at the WTO

Objectives of TFA

- Simplification & standardisation of processes & procedures.
- Remove obstacles.
- Reduce trade costs.
- Expedite movement, release & clearance of goods.
- Improve cooperation between customs/border/other authorities on trade facilitation and customs compliance issues.
- Enhance technical assistance and build capacity



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3 Components of TFA

Section I - provisions for expediting movement, release and clearance of goods, including goods in transit; clarifies and improves the relevant articles (V, VIII and X) of the General Agreement on Tariffs and Trade (GATT) 1994; sets out provisions for customs cooperation.

Section II - 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 only be able to implement upon the receipt of technical assistance and support for capacity building.

Section III provisions establishing a permanent committee on trade facilitation at the WTO; requires members to establish a national committee to facilitate domestic coordination and implementation of the provisions of the Agreement.



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Section II – SDT Categorisation

To benefit from SDT, a member must categorize each provision of the TFA and notify the WTO of these categorisations:

Cat. A: Implement on entry into force - commitments that a Developing Country (DC) member or LDC member designates for implementation upon entry into force of this agreement, or in the case of a LDC within a 1 year after entry into force

Cat. B: Time needed - commitments that a DC member or LDC member designates for implementation on a date after transitional period of time following the entry into force of the TFA

Cat.C: Technical Assistance and Capacity Building needed - commitments that a DC member or LDC member designates for implementation on a date after a transitional period of time following the entry into force of this agreement and requiring technical assistance and capacity building

State of play at WTO

- Internal ratification & depositing processes in WTO member states underway
- TFA entered into force on 22 February 2017 for those WTO member states that have deposited instruments of acceptance.
- A 118 WTO Members have deposited instruments of acceptance so far.
- Upon entry into force, category A measures become enforceable immediately & category B & C transitional time frames begin to take effect

State of play in South Africa

- Ratification processes have been finalised.
- Cabinet approved the establishment of the National Committee on Trade Facilitation (NCTF).
- NCTF developed SA's categorisation list.
- Cabinet approved SA's categorisation list in April 2017.
- Process underway for the simultaneous depositing to the WTO of SA's Instrument of Acceptance of the Protocol and SA's Category A commitments.
- It is expected that the process should be completed before the end of May 2017.

South Africa's Categorisation

- SA's categorisation list takes into account the implications of such categorisation for SA
- Categorisation is tailor-made and specific to SA so as to meet the specific needs and capabilities of the country, and the type of reform that will be required and implemented.
- Tailor-making the categorisation and thus the trade facilitation reforms, minimises any possible negative effects that may arise.



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