



# **THE ROLE OF SINGLE WINDOW IN THE WTO TFA IMPLEMENTATION**

## **AAEC SINGLE WINDOW CONFERENCE**

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# 1.0 Introduction

- WTO Trade Facilitation Agreement (TFA) is aimed at **expediting the movement, release and clearance of goods**, including goods in transit (WTO).
- Trade facilitation looks at how procedures and controls governing the movement of goods across national borders can be improved to reduce associated cost burdens and maximize efficiency while safeguarding legitimate regulatory objectives.



# 1.1 Introduction

- Single Window (SW) environment provides **one entry point**, either physical or electronic for the submission and handling of all data and documents related to the release and clearance of an international trade transaction.
- A SW environment is therefore a **practical application of trade facilitation concepts** to reduce non-tariff trade barriers and deliver immediate benefits to all members of the trading community.



## 2.0 SWS and TFA

- WTO TFA and the SW environment create 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.
- Based on OECD (*June 2015*) work the greatest contributions to reducing trade costs comes from measures to streamline procedures and from advance rulings; **automation**, and measures to streamline fees and charges.



## 2.1 SWS and TFA

- OECD work shows that **implementation of the TFA could reduce worldwide trade costs by between 12.5% and 17.5%.**
- Biggest reductions in trade costs are **greatest for low and lower middle income countries.**
- Work carried out by the WTO, has further shown that a **one-day border delay drives up costs on average by about 0.8%** around the world.



## 2.2 SWS and TFA

- OECD, has identified the TFA measures that have significant impact on Trade.
- These measures have a direct correlation with the SW Environment and can be achieved through implementation of the SW concept.
- Thus implementation of the **SW will achieve a great deal of the efficiency and cost reduction targeted by the TFA.**



## 2.3 SWS and TFA

According to the OECD *June 2015* policy brief such measures include:

- 1) Improvements in the area of formalities including:
  - a) **simplification of trade documents;**
  - b) **streamlining border procedures and**
  - c) **automation of the border process**

These appear to have the greatest impact on trade costs generating cost savings of 2.8% to 4.2% (*OECD, June 2015*) depending on the level of development.

Other policy areas in this category that have an important potential for cost reductions are:

- a) the availability of trade related information and
- b) the possibility to request advance rulings.





## 2.4 SWS and TFA

- 2) For low income countries the measures with the potential to most reduce trade costs are:
  - a) harmonizing and simplifying trade documents (4.2%),
  - b) automating trade and customs processes (3.6%);
  - c) ensuring availability of trade related information (2.8%) and
  - d) streamlining border procedures (2.8%).
  
- 3) For lower middle income countries, measures include:
  - a) streamlining border procedures estimated to have the greatest impact (3.9%)
  - b) harmonizing and simplifying trade documents, (3.5%) and
  - c) automating trade and customs procedures (2.9%) .



## 2.5 SWS and TFA

- 4) For upper middle income countries the measures with the greatest expected impact on trade costs are:
- a) streamlining border procedures (3.6%),
  - b) automating trade and customs processes (2.8%),
  - c) ensuring the availability of trade related information (2.4%) and
  - d) providing advance rulings on customs matters (2.4%).



## 2.6 SWS and TFA

### Role of Single Window in achieving the above

- Simplification and harmonization of trade related documentation is key to achieving an efficient SW environment. **(Art. 1, 2, 3, 4, 10)**
- Process re-engineering is part and parcel of the SW design and operationalization **(Art.10)**
- SWS can be a source of trade related information that is required by traders to facilitate their business. **(Art. 1)**



## 2.7 Kenya's approach

- Using the SW as a platform for simplifying and harmonizing trade documentation. **(Art. 7, 8, 10)**
- Working with Government Agencies to streamline the border processes e.g. (JBCs, OSBPs) . **(Art. 7, 8 and 10)**
- Working towards automating border processes for eventual integration with the SWS. **(Art. 7 and 10)**
- Working closely with development partners, enhancing the SW to include trade related information – development of an e-Trade Portal. **(Art. 1)**



## 3.0 TFA Technical measures and SW

- TFA contains approximately Forty technical measures to expedite the movement, release and clearance of goods.
- Quoting OECD policy brief 2015, the technical measures impose at least four obligations on WTO members.
- These obligations can be used to explain the role of the SW in implementing the TFA. These obligations are:
  - a) Greater transparency
  - b) Improve governance
  - c) Implement streamlined and modernized border procedures
  - d) Enhance the movement of goods in transit.



## 3.1 Using SW for Greater Efficiency

- **Difficulty in obtaining** accurate and reliable information about import, export or transit requirements is a significant source of delay and costs.
- UNESCAP study **found increased transparency and predictability tend to increase exports.**
- To improve transparency, the TFA requires governments to publish certain specified trade information in an easily accessible manner.
- Countries are also required to publish on the internet the required forms and documents, as well as a practical description of import, export, transit and appeal procedures.



## 3.1.1 Using SW for Greater Efficiency

- Countries are required to **establish enquiry points** (Art. 1) that traders and other governments may contact to obtain information and forms.
- To increase the predictability and certainty of costs, governments are required to **provide binding rulings on the application of laws and procedures** to a particular shipment of goods prior to their importation (advance rulings) (Art. 3).



## 3.1.2 Using SW for Greater Efficiency

### Role of SW:

- The SW environment **provides an infrastructure that can be enhanced to provide an accurate and reliable source of information about import, export or transit requirements** which will significantly reduce delays and costs (Art. 1)
- SW can be used to provide the **pre-requisite trade related** information (Art. 1).
- SW can be used to **publish national foreign trade procedures online**, providing the trader with full step-by-step guidance including complete information on where to go, who to see, what documents to bring at each step, including all forms to fill, what costs and what the legal justifications are for every requirement (Art. 10).





## 3.1.3 Using SW for Greater Efficiency

### Kenya's experience:

- Trade related information is scattered in a number of portals or documents.
- The information may also not be comprehensive enough nor updated.
- A report prepared by UNCTAD for Kenya observed that as far as availability of trade related information on the internet is concerned:
  - a) There is no dedicated agency to package, publish, update and take responsibility of the information uploaded onto the internet;
  - b) The information available on the internet for some agencies is not regularly updated and
  - c) Necessary documents are not uploaded hence one has to visit the agency concerned to get those forms



## 3.2 SW for improved governance

- **Redundant, indiscriminate or unwarranted border formalities and documentation requirements** contribute to inefficiency in the movement, release and clearance of goods.
- **TFA requires governments to review their import, export and transit formalities and documentation requirements** to ensure that such requirements are adopted or applied with a **view to achieve rapid release and clearance of goods, to reduce the cost and time of compliance** and to determine that there is **no other reasonable alternative** that would be less trade restrictive.
- The Agreement requires governments to **provide interested parties with opportunities to comment on any proposed new or amended laws** and regulations and to **hold regular consultation** with their stakeholders.



## 3.2.1 SW for improved governance

### Role of SW

- SW is founded on the premise of electronic processes and submission of documents in which **standardized information and documents are** provide to fulfil import, export and transit-related regulatory requirements.
- The SW therefore ensures that there **is transparency** in that traders already know the documents they are required to submit and the form they should take. In addition, it also introduces predictability in that processes and border formalities are documented and standardized.
- Single Window facility could help to make the **processes faster, more transparent and less conducive for corrupt practices.**



## 3.3 SW and Modernized border procedures

- **Streamlining and modernizing** the processing of goods by customs and other border authorities is core to most of the technical requirements of the TFA.
- Important provisions also exist to **promote greater co-ordination among the different border authorities** (the lack of which is itself a common source of delay), **including cross-border co-operation and implementation of a single window.**
- These measures will require implementation of new techniques and processes which are inherent in a SW environment such as the following:



## 3.3.1 SW and Modernized border procedures (Art.7)

- a) the use of risk management to focus customs controls on high-risk goods (Art.7)
- b) pre-arrival processing to allow importers to declare and possibly clear goods before they arrive (Art. 7)
- c) procedures to allow the release of goods from customs before payment of duty and tax (Art.7)
- d) the use of electronic forms for payments and documents in clearance (Art. 7)
- e) the use of clearance simplifications for authorized (i.e. low risk and highly reliable) traders and express consignment operators.



## 3.3.2 SW and Modernized border procedures

### Role of SW

- An automated risk management module is often deployed within a single window environment, helping to scrutinize only those lodgments which raise automatic alerts, or flags.
- This provides efficiencies, economies and time saving to traders and Government Agencies alike.
- The SW environment also provides for pre-arrival processing to allow importers to declare and possibly clear goods before they arrive.
- SW provides a single point of payment.



## 3.4 SW and Transit processes

- TFA contains extensive provisions to respond to many of the costs and delays that importers and exporters face when their goods are moved through transit countries. (Art.9, 10, 11)
- **The SW simplifies procedures so that information that has already been supplied via the single window should not be asked for again by another** border agency participating in the single window.
- The system would be optimized where we have **regional or global Single Window**, which extends beyond borders to connect with systems in other countries.



## 4.0 Conclusion

- The Role of the SW in achieving the objectives of the TFA can therefore be looked at in terms of the savings that traders stand to gain by adopting the SW as a way of implementing the TFA.
- We have shown that a **functional SW can achieve the objectives of the TFA** including addressing governance issues and cutting down on costs using the themes identified by the WTO and the OECD.





# THANK YOU

