

## **The Trade Facilitation Agreement enters into Force**

The WTO Members had entered into negotiations on a landmark *Trade Facilitation Agreement* (TFA) at their 2013 Bali Ministerial Conference, to solve the problem of the vast amount of “red tape” that still exists in moving goods across borders, and which poses a particular burden on small and medium-sized enterprises. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area. The Agreement will help improve transparency, increase possibilities to participate in global value chains, and reduce the scope for corruption.

The Agreement entered into force on 22 February, 2017, after WTO obtained the needed acceptance from two-thirds of its 164 members. It is the first multilateral deal concluded in the 21 year history of the WTO, since the establishment of the WTO itself in 1995. The Agreement is unique in that it allows developing and least-developed countries to set their own timetables for implementing the TFA depending on their capacities to do so – and it provides for support to help them develop their capacity. The TFA further provides for the establishment of a Committee on Trade Facilitation to periodically review the Agreement’s operation and implementation.

The *WTO Trade Facilitation Agreement Facility* was formally launched on 22 July 2014, by WTO Director-General Roberto Azevêdo and became operational on 27 November 2014, when Members adopted the Protocol of Amendment to insert the WTO TFA into Annex 1A of the WTO Agreement. The Facility was created at the request of developing and least-developed countries to help ensure they receive the assistance needed to reap the full benefits of the TFA and to support the ultimate goal of full implementation of the new Agreement by all members.

The 2015 World Trade Report is the first detailed study of the potential impacts of the TFA, based on a full analysis of the final Agreement text. The Report identifies and examines in detail a range of benefits from the TFA. These include diversification of exports from developing countries and least-developed countries to include new products and partners, increased involvement of these countries in global value chains, expanded participation of small and medium-sized enterprises in international trade, increased foreign direct investment, greater revenue collection and reduced incidence of corruption. The Report also looks into the challenges of implementing the TFA and examines how the new Facility, launched in 2014 by WTO Director-General Roberto Azevêdo, will provide support to help developing countries implement the Agreement.

Full implementation of the TFA is forecast to slash members' trade costs by an average of 14.3 per cent, with developing countries having the most to gain. The TFA is also likely to reduce the

time needed to import goods by over a day and a half and to export goods by almost two days, representing a reduction of 47 per cent and 91 per cent respectively over the current average.

Lastly, as Mr. Roberto Azevêdo gets re-appointed as the WTO Director General, by consensus, at a meeting of the General Council on 28 February, 2017, for a second four-year term starting 1 September, 2017, the prospects of an actually inclusive multilateral trading system, something he has worked for and promoted throughout his term, indeed seems promising.