

Implementation of the WTO Trade Facilitation Agreement and Its Benefits to Taiwan

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Outline

- WTO and Trade Facilitation Negotiations
- Economic Benefits for WTO Members
– the Case of Chinese Taipei
- The Way Forward



International Efforts on TF

- UNCTAD -- UNCTAD Trust Fund for Trade Facilitation Negotiations
- World Bank, IMF – increasing focus on TF activities
- WCO – HS Harmonization, SAFE Framework of Standards
- APEC – Trade Facilitation Action Plan targets a further reduction of 5% in business transaction costs
- *An increasing number of FTAs, RTAs, ODA programs and development agencies have a TF chapter or action plan.*



Rationale: Why TF Negotiation in WTO?

- TF is directly related to trade gains from market access
- TF brings other development gains – larger gains for SMEs which suffer more from poor TF
- The need of a WTO agreement on TF
 - Q: what are developing countries' obligations?
 - Q: How to ensure adequate technical assistance?
 - Q: Are binding WTO rules useful to promote institutional development and sustained investment in infrastructure?
 - Q: How effective to attractive additional resources from developed countries for TF?

Mandates of TF Negotiation under the WTO

In 1996 Singapore Min. Meeting

- to undertake exploratory and analytical work, drawing on the work of other relevant international organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area

In 2001 Doha Min. Meeting

- to further expediting the movement, release and clearance of goods, including goods in transit
- to review and as appropriate, clarify and improve relevant aspects of GATT Art. V, VIII and X
- to ensure adequate technical assistance and support for capacity building (TA&CB) in this area



TA&CB Principle

July Package - Annex D -

- shall address the concerns of developing and least-developed countries related to cost implications of proposed measures
- in cases where required support and assistance for such infrastructure is not forthcoming, and where a developing or least-developed Member continues to lack the necessary capacity, implementation will not be required
- the commitments by developed countries to provide such support are not open-ended



Special and Differential Treatment

July Package - Annex D -

- Should extend beyond the granting of traditional transition periods for implementing commitments
- extent and timing of entering into commitments shall be related to the implementation capacities
- would not be obliged to undertake investments in infrastructure projects beyond their means
- LDCs will only be required to undertake commitments to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities



International Collaboration

July Package - Annex D -

- to make technical assistance and capacity building more effective and operational and to ensure better coherence, Members shall invite relevant international organizations, including the IMF, OECD, UNCTAD, WCO and the World Bank to undertake a collaborative effort
- Due account shall be taken of the relevant work of the WCO and other relevant international organizations in this area



Progress of TF Negotiation

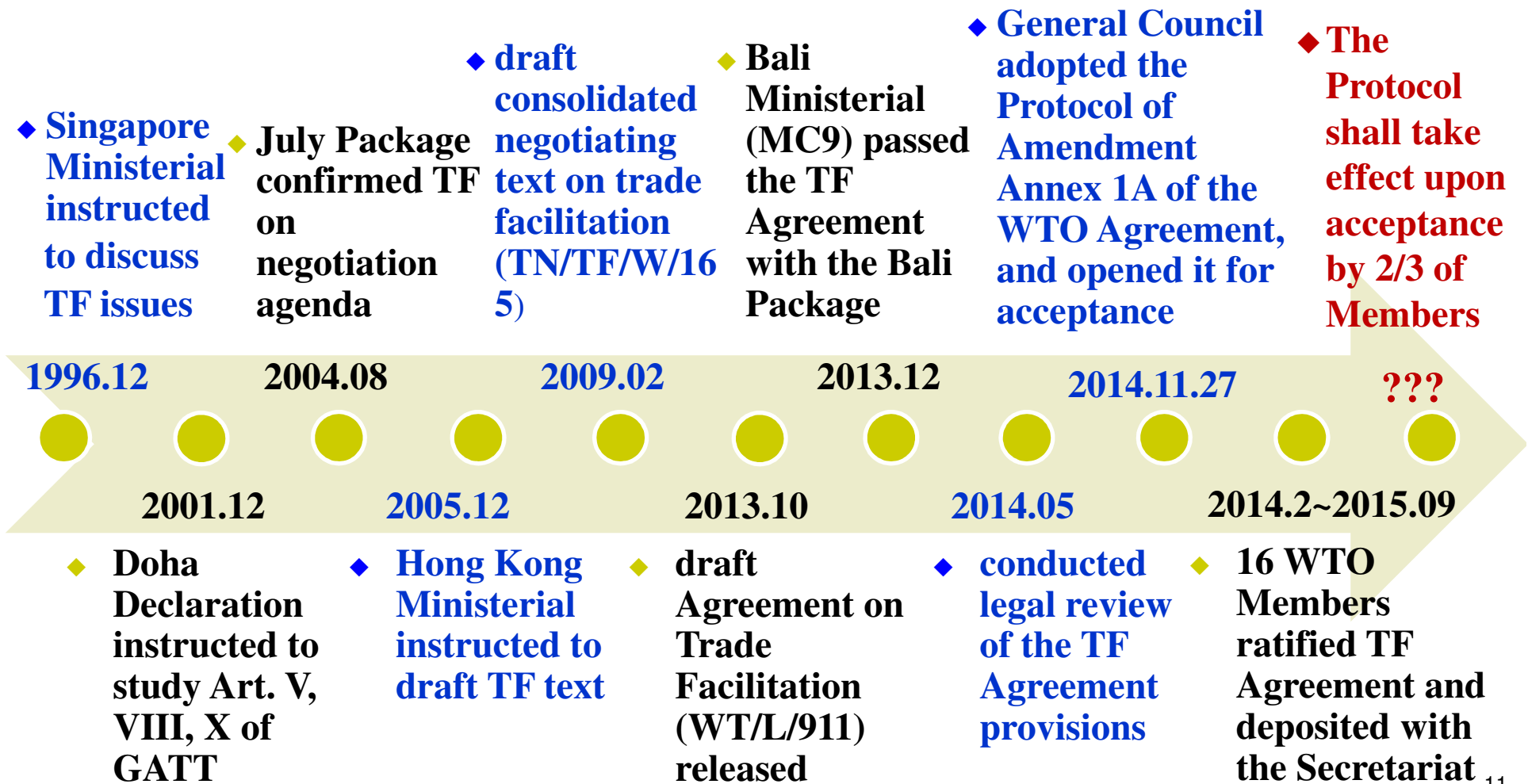
- TF Negotiation Working Group established in Oct. 2004
- More than 120 submissions raised by developed/developing members
- Different needs - developed vs. developing countries; developing countries vs. LDCs
- Specific needs of certain groupings – landlocked countries, SPS measures for H1N1 suspected exporting countries
- Progressing smoothly into substantive text-based negotiations (3rd generation proposals)



Progress of TF Negotiation - Cont.

- Moving into discussion of a TF Agreement, long term mechanism and its relation with other WTO committees
- Based on the compilation of TF Measures (TN/TF/W/43/Rev.17), WTO Secretariat helps members to conduct “Self Assessment of Needs and Priorities” in collaboration with the World Bank
- Match-making between “demand and supply” by various TF measure areas
- MC9 approved the Agreement with the Bali Package on Nov. 2014, becoming the first multilateral agreement approved since the WTO was established in 1995.

Milestones of TF Negotiation



Progress of Ratification as of Sep. 2015

Hong Kong, China (8 December 2014)

Singapore (8 January 2015)

United States of America (23 January 2015)

Mauritius (5 March 2015)

Malaysia (26 May 2015)

Japan (1 June 2015)

Australia (8 June 2015)

Botswana (18 June 2015)

Trinidad and Tobago (29 July 2015)

Korea (30 July 2015)

Nicaragua (4 August 2015)

Niger (6 August 2015)

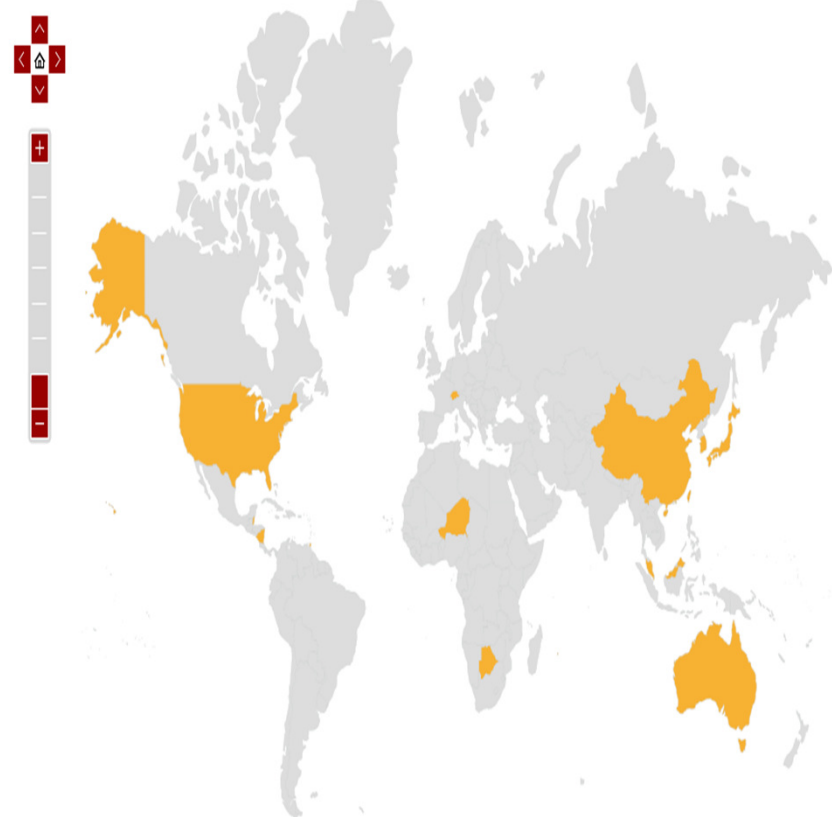
Chinese Taipei (17 August 2015)

Belize (1 September 2015)

Switzerland (2 September 2015)

China (4 September 2015)

*Only 16 out of 161 Members,
still a long way to go!!*



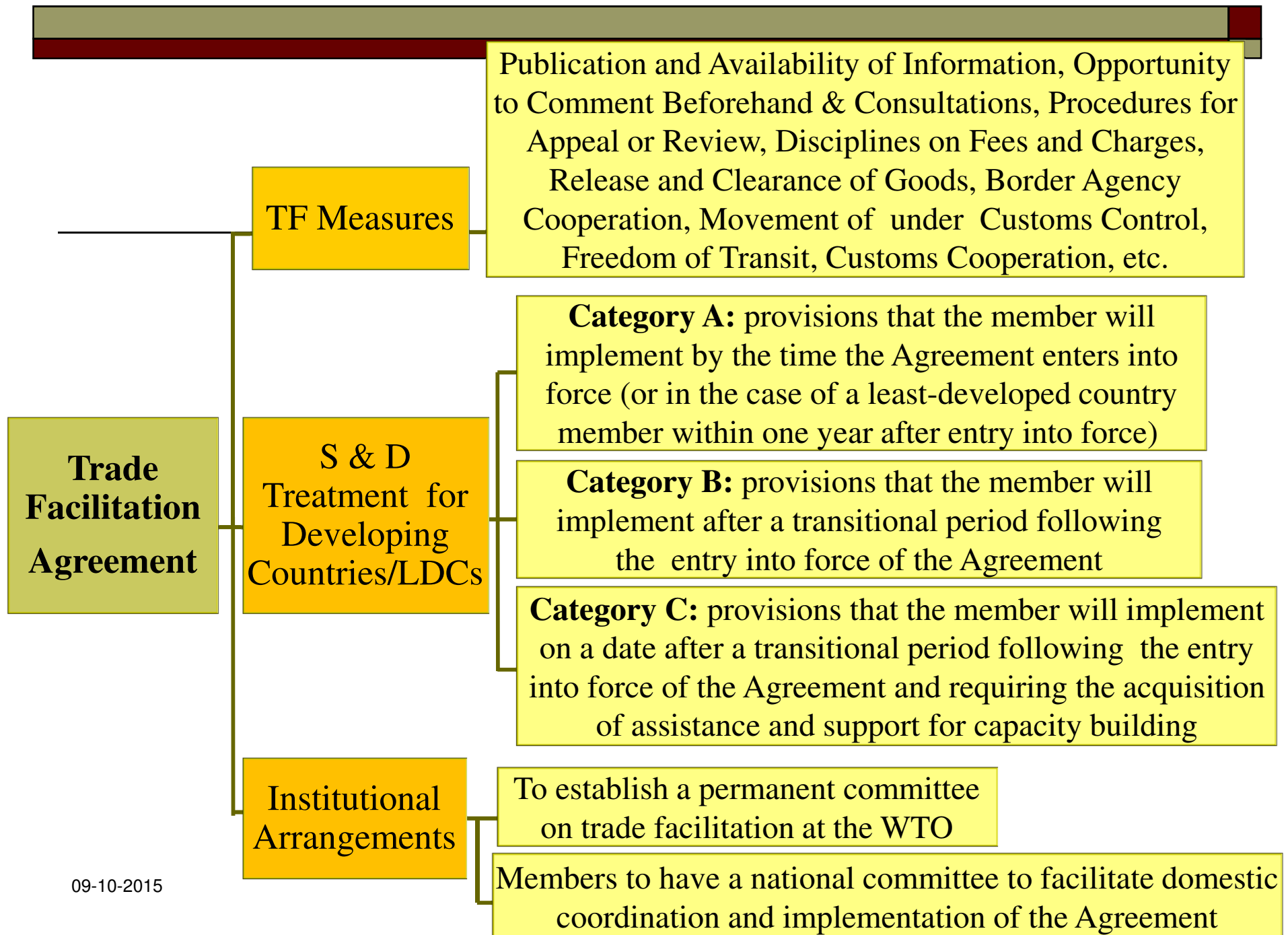
Progress of SDT Notifications

As of Sep. 8, 2015

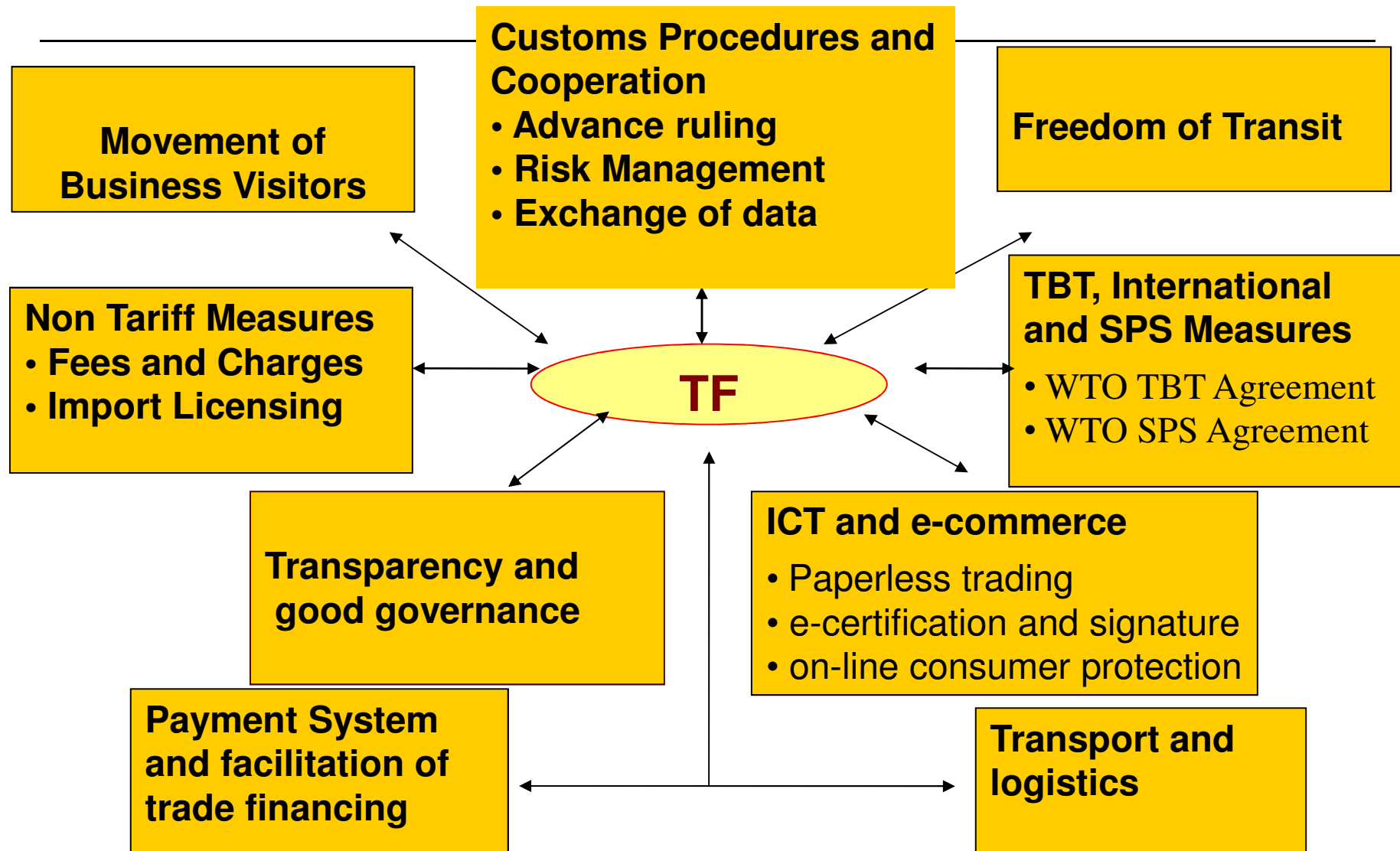
□ 69 Members Notified
Category A, including
BRIC countries, USA,
Japan, Indonesia, Thailand,
Malaysia, Chinese Taipei,
etc.

□ 0 Members Notified
Category B and C.

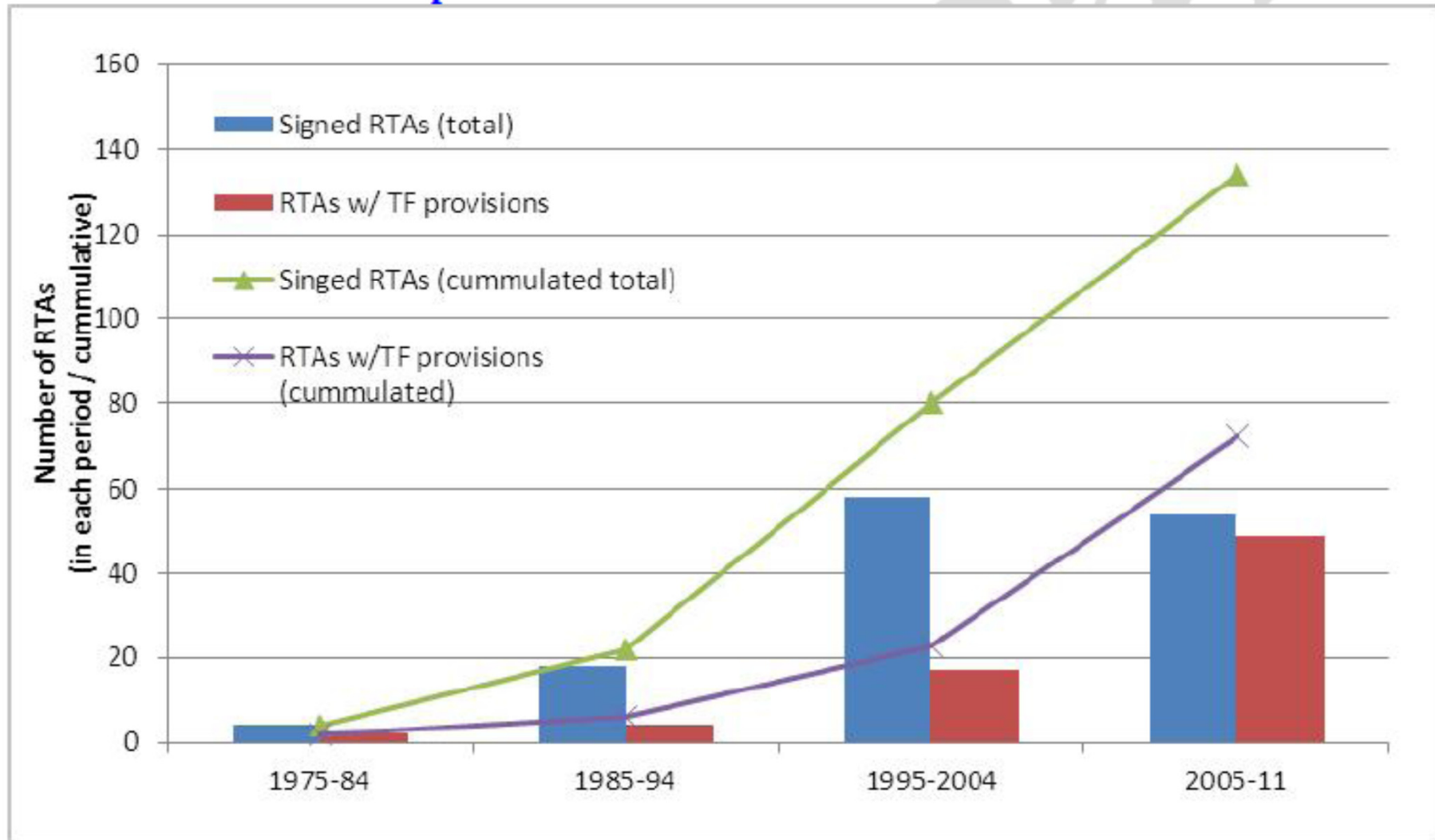




TF Measures in Asia-Pacific FTAs



FTAs with TF provisions



Source: ESCAP Asia-Pacific Trade and Investment Agreement Database, March 2011.
Available at: <http://www.unescap.org/tid/aptiad/>



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Trading-Across-Borders Indicators of Taiwan and Its Top 10 Export Partners

Rank	Country		2006	2007	2008	2009	2010	2011	2012
	Taiwan	Documents	5	5	5	5	5	5	5
		Time (days)	12	12	12	12	12	10	10
		Cost (USD)	747	747	747	757	720	655	655
1	China	Documents	6	7	7	7	7	8	8
		Time (days)	18	21	21	21	21	21	21
		Cost (USD)	335	390	390	460	500	580	620
2	Japan	Documents	4	4	4	4	4	3	3
		Time (days)	10	10	10	10	10	11	11
		Cost (USD)	989	989	989	989	989	880	890
3	U.S.	Documents	4	4	4	4	4	3	3
		Time (days)	6	6	6	6	6	6	6
		Cost (USD)	960	960	960	990	1,050	1,090	1,090
4 09-10-2015	Hong Kong	Documents	6	4	4	4	4	3	3
		Time (days)	13	6	6	6	6	6	6 ₁₈
		Cost (USD)	425	525	525	625	625	575	590

Rank	Country		2006	2007	2008	2009	2010	2011	2012
5	Korea	Documents	5	5	4	4	3	3	3
		Time (days)	12	12	11	8	8	8	8
		Cost (USD)	780	780	745	767	742	665	670
6	Singapore	Documents	4	4	4	4	4	3	3
		Time (days)	5	5	5	5	5	6	6
		Cost (USD)	416	416	416	456	456	456	460
7	Germany	Documents	4	4	4	4	4	4	4
		Time (days)	7	7	7	7	7	9	9
		Cost (USD)	740	740	740	822	872	902	905
8	Malaysia	Documents	7	7	7	7	7	4	4
		Time (days)	18	18	18	18	18	11	11
		Cost (USD)	432	432	432	450	450	435	450
9	Saudi Arabia	Documents	5	5	5	5	5	8	8
		Time (days)	17	17	17	15	15	15	20
		Cost (USD)	505	505	859	532	532	1,190	1,740
10	Australia	Documents	5	6	6	6	6	5	5
		Time (days)	12	9	9	9	9	9	9
		Cost (USD)	795	930	930	1,200	1,060	1,100	1,150

09-10-2015

Note: The rank is according to the trade amount of Taiwan in 2012;

Source: World Bank, www.doingbusiness.org/data

Trading-Across-Borders Indicators of Taiwan and Its Top 10 Import Partners

Rank	Country		2006	2007	2008	2009	2010	2011	2012
	Taiwan	Documents	6	6	6	6	6	6	6
		Time (days)	12	12	12	12	12	10	10
		Cost (USD)	747	747	747	769	732	720	720
1	China	Documents	11	6	6	6	5	5	5
		Time (days)	24	24	24	24	24	24	24
		Cost (USD)	375	430	430	545	545	615	615
2	Japan	Documents	5	5	5	5	5	5	5
		Time (days)	11	11	11	11	11	11	11
		Cost (USD)	1,047	1,047	1,047	1,047	1,047	970	970
3	U.S.	Documents	5	5	5	5	5	5	5
		Time (days)	5	5	5	5	5	5	5
		Cost (USD)	1,160	1,160	1,160	1,245	1,315	1,315	1,315
4	Hong Kong	Documents	8	4	4	4	4	3	3
		Time (days)	17	6	5	5	5	5	5
		Cost (USD)	425	525	525	633	583	565	565

Rank	Country		2006	2007	2008	2009	2010	2011	2012
5	Korea	Documents	8	8	6	6	3	3	3
		Time (days)	12	12	10	8	8	7	7
		Cost (USD)	1,040	1,040	745	747	742	695	695
6	Singapore	Documents	4	4	4	4	4	3	3
		Time (days)	4	4	4	4	4	4	4
		Cost (USD)	367	367	367	439	439	439	440
7	Germany	Documents	5	5	5	5	5	4	4
		Time (days)	7	7	7	7	7	7	7
		Cost (USD)	765	765	765	887	937	937	340
8	Malaysia	Documents	7	7	7	7	7	4	4
		Time (days)	14	14	14	14	14	8	8
		Cost (USD)	385	385	385	450	450	420	485
9	Saudi Arabia	Documents	6	6	5	5	5	9	9
		Time (days)	34	34	20	18	18	21	26
		Cost (USD)	604	604	758	678	678	1,625	2,075
10	Australia	Documents	10	5	5	5	5	7	7
		Time (days)	12	8	8	8	8	8	8
		Cost (USD)	945	1,120	1,120	1,239	1,119	1,120	1,170

Note: The rank is according to the trade amount of Taiwan in 2012;
Source: World Bank, www.doingbusiness.org/data



Gains From Trade Facilitation

- ◆ **World Bank 2004**

Enhanced capacity in global TF would increase 9.7%, or US\$377 billion, of world trade

~2.8% from improved port efficiency; 0.8% from improved customs environment; 4% from improved service sector infrastructure & e-business usage

~Each day saved in shipping time (customs clearance) is worth a 0.5% reduction in the *ad valorem* tariff

- ◆ **OECD 2013**

Implementation of TF would reduce 10% trading cost to developed countries (USD 400 billion); 13.2%~15.5% cost to developing countries (USD 520 billion)

~ increase trade and participation in the Global Value Chains



Taiwan Survey (2009): Barriers in Customs Procedures

➤ **On transit**

unreasonable additional transit fees, prolonged transit time, limitation on nationalities of transportation...

➤ **On Charges and Fees**

various extra charges/fees, regulations constantly changing, too many inspections, unreasonable charges of counselor fees, inconvenient procedures

➤ **On Trade Regulations**

access to trade regulations, complicated complaint system, lack of official language of all trade regulations

Quantified Economic Benefits to Taiwan when TF is implemented (2014)

	Original Value (USD million)	Change of Value (USD million)	change %
Change of Real GDP	393,762.47	3,858.34	0.980
Change of GDP	913,196.80	5,559.18	0.609
Change of Welfare	--	3,640.60	--
Change of Real Export Value	282,212.21	3,226.30	1.143
Change of Real Import Value	226,490.52	2,793.64	1.233
Change of Trade Balance	55,721.69	432.66	0.776
Change of Terms of Trade	--	--	0.093



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The Way Forward

- WTO TF Agreement will bring considerable benefits to most WTO Members, but it would take years for entry into force.
- FTAs/CEAs may be more efficient mechanisms to promote TF and implement TF measures.
- Further study of cost and benefits to developing countries and LDCs is needed to help them implement TF measures unilaterally or bilaterally.
- Category A countries need to work together to address the needs of developing countries and LDCs and restraints of supply side to help them participate in GVCs.



The Way Forward – cont.

- Main cost element with TFMs often related to political costs – need more time flexibility and Technical Assistance in many areas.
- Some implementation challenges and barriers:
 - Lack of sustained political will and commitment
 - Competition between government agencies
 - Under developed private sector (Banking, ICT, Customs brokers)
- *Private sector and MNCs in developed and advance developing countries can play a critical role!!*

Thank You for Your Attention!

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