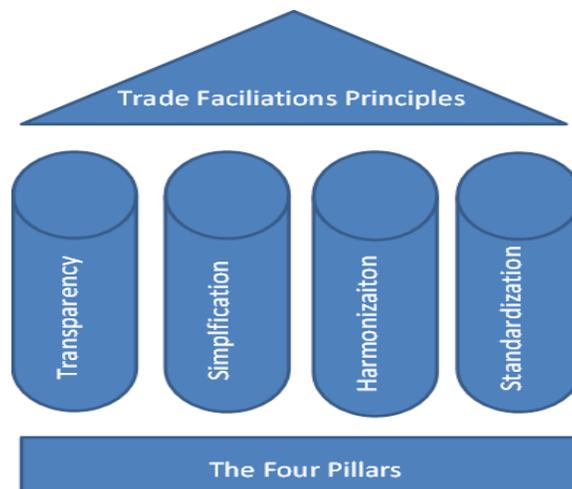


# IATA Position Paper on the World Trade Organization Trade Facilitation Agreement (TFA)

IATA welcomes the Trade Facilitation Agreement (TFA) that emerged from the Bali Ministerial Conference in December 2013. The Agreement will be subject, at some point, to the Dispute Settlement provisions of the WTO General Agreement on Tariff and Trade (GATT), which means many of its provisions will be enforceable after a transitional time.

IATA notes that there are strong synergies between the TFA and IATA's four-pillar trade facilitation strategy as set out below:



- **Transparency** within government promotes openness and accountability. Disclosure of information should be done in a way that Trade can access and use it. Policy decision, regulations and decisions should be disseminated and discussed with Trade prior to enforcement to facilitate the shaping on amended or new laws.
- **Simplification** with the intention of eliminating all unnecessary duplications in trade procedures and processes and enabling automation of cargo processes.
- **Harmonization** of national regulations and procedures with international Conventions and Agreements, such as the WCO Revised Kyoto Convention (RKC) and the foreseen WTO TFA.
- **Standardization** of international process and practices, documents and information agreed by various recognised international bodies. Standards are intended to be used for adoption leading to harmonised practices and methods.

The Agreement contains significant trade facilitation obligations and recommendations for its signatories with regard to cross border operations. Furthermore, the Agreement reinforces and indeed complements many of the WCO RKC provisions; however, it has wider global impact (159 WTO members VS 91 signatures to the RKC).

IATA believes that the TFA, in time, will lead to important reductions in the cost of trade, mostly through harmonisation of procedures, and greater transparency and predictability.

The OECD has estimated such savings could reach (depending on the level of implementation)

- Up to 10% for developed countries
- Up to around 15% for developing and least developed ones

## **HIGHLIGHTS OF THE AGREEMENT**

IATA notes the following provisions that WTO Members are obliged to implement following ratification of the TFA:

1. Must publish information on their Customs procedures, fees and charges by other government departments in connection with import/export and transit – this will enhance predictability of trade.
2. Must provide opportunities for Trade to comment on existing changes to legislation and the formulation of new legislation related to the movement, release and clearance of goods including transit – this will support the shaping of industry friendly new legislation and influence required changes to existing legislation.
3. Will provide advance rulings on tariffs and other Customs measures that will be applied to a shipment – this will reduce misclassification of goods, fines and administrative burdens.
4. Set up appeals process to challenge Customs on a decision made – this will allow airlines to challenge incorrect assessments and unreasonable penalties through appropriate mechanisms.
5. Allow for pre-arrival processing to take place to expedite release at import – this is important for just in time deliveries and should reduce airport storage costs.
6. Pre-arrival processing of required information, by electronic means – this supports the airlines e-freight and E-AWB targets.
7. Allow for simplified Customs procedures allowing for differed payment of Customs duties post import – this will allow better cash flow for airlines and quicker clearance at the airports
8. Create an expedited process for the release of air cargo – this can provide airlines with an advantage over other modes if implemented correctly.
9. Will endeavour to accept electronic supporting documents required for import, export or transit formalities - this supports airlines e-freight and E-AWB targets.
10. No longer allowed to compel trade to use the services of Customs brokers– this could reduce costs by allowing airlines to interface directly with Customs.

11. Establish a trusted trader program for authorized operators with a history of highly compliant trade record and secure supply chains – this will ensure that such authorized operators receive additional facilitation benefits (e.g. less inspections, quicker Customs clearance).
12. A WTO committee of Trade Facilitation will be established – open to other international organizations (WCO, ICAO) but not trade. IATA can however leverage off the back of these organizations to have our voice heard.

## **ACTION**

In order to capitalize on the above-mentioned benefits it is critical to encourage and support WTO Member countries to ratify the agreement as soon as it becomes available. Therefore, we would encourage airlines and other transport and trade Associations to engage with the competent authorities (e.g. Customs, Department of Trade, Ministry of Finance) in the coming months to further this aim and co-create an action plan to support the implementation of the TFA.