
WTO DOHA ROUND AND SOUTH ASIA *Trade Facilitation*

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Introduction

- TF was first added to the WTO agenda at the 1996 Singapore Ministerial.
- Divergences in views between developed and developing countries.

Developed countries → negotiating binding rules on TF

Developing countries → new obligations cause additional cost

- Agreement was reached under the Annex D of July Package to launch negotiations.

Provisions of Articles V, VIII, X of the GATT 1994

Article V- Freedom of Transit

Main obligations of WTO members are,

- To permit freedom of transit through the most convenient route
- Not to subject traffic in transit
- To ensure all charges are reasonable
- That MFN treatment should be afforded for traffic in transit.

Article VIII- Fees and Formalities

Main obligations include commitments ,

- All charges must be limited to cost of the services
- Desisting from imposing substantial penalties for minor breaches of customs regulations
- Simplification of fees and charges, formalities and documentation requirements.

Article X- Publication and Administration of Trade

Main obligations are,

- To publish all rulings promptly
- To publish before enforcement measures imposing a new or more requirements
- To enforce uniform administration of rulings
- To ensure the prompt review and correction of administrative action.

Common and Interlinking Themes in the Proposals Made by Members for Clarifying and Improving GATT Articles

- Transparency, Consistency and predictability, Non-discrimination, Simplification and Due process.

Field Interviews: Sri Lanka

Laws, Regulations, Formalities and procedures

- Administrative procedures-Complex and irrational
- Information collection - Very time consuming and costly
- Sudden changes in rules and regulations
- Service of enquiry points – Not at satisfactory level
- Import export procedure- Lot of documentation needed

Use of Electronic Data Inter Exchange

- Half of the sample used EDI
- Barriers :Lack of awareness on the part of traders regarding benefits of TF, High cost of electronic data communication, Lack of coordination between different government agencies, Bureaucratic practices

Dwell Time

- Reasons for delays: Limited operation hours of government agencies, random opening of self sealed containers, non availability of custom officials for inspection, congestion at port, poor port handling facility, lack of adequate berthing space, missing of container trailers, processing of shipping bills, non use of technical equipments in clearances
- Delays → losses or additional cost

Monitory Cost

- Fees and charges : Larger in number and amount and not reasonable
- Amount of penalty for minor breaches : Excessive
- Procedure of appeal: Costly

Corruption Related Cost

- Wide- spread bureaucratic practices at government offices
In some cases, unofficial fees = 50 % of the total cost per container

Gains of Trade Facilitation

- Expected benefits of TF in terns of cost reduction ranged 5 to 25 per cent.
- Benefits : greater for small scale enterprises
- Other advantages : efficiency, productivity gains, speedy clearances, more business

TF Negotiations and South Asian Countries

Article X-Proposals

Publication of trade regulations including use of electronic media, Advance rulings, Enquiry Points, Consultative mechanism and Appeals

Current Status -South Asia

India

- Publication of Trade Regulations: Use both electronic and print media
- Advance Rulings: Became fully operational from 2004
- Enquiry Points: No officially designated enquiry point
- Consultative Mechanism: No provision at present
- Appeal Mechanism – Appeals at various levels up to Supreme Court

Bangladesh

- Publication of Trade Regulations: Use electronic media with SPEED and ASYCUDA
- Advance Rulings & Enquiry Points: No Progress reported
- Consultative Mechanism: ITCC works as the adjudication body in disputes
- Appeal Mechanism: No record of an appeal process

Pakistan

- Publication of Trade Regulations: All trade related rulings available in the gazette, some on websites as well
- Advance Rulings: No known procedure

Sri Lanka

- Publication of Trade Regulations: Use both electronic and print media
- Advance Rulings: Can be obtained from Sri Lanka Customs
- Enquiry Point: No single window for enquiries
- Consultative Mechanism: A mechanism for tariff structure and Ecommerce evaluations
- Appeal Mechanism – Several committees assist Director General of Customs in disputes

Nepal

- Publication of Trade Regulations: Use print media to a greater extent and intend to establish a website
- Advance Rulings: No known mechanism
- Enquiry Point: Establishment is on an on going basis
- Consultative Mechanism: No mechanism at present
- Appeal Mechanism – Dept of Commerce coordinates with agencies concerned

Article VIII- Proposals

The levy of fees and charges, Provisions to reduce documentation requirements, Standard processing times, The use of international Standards

Current Status -South Asia

India

- Fees and Charges: Most fees are based on the cost of services
- Provisions to Reduce Documentation: Automation of customs through EDI and risk assessment methods, harmonization of the customs codes
- Standard Processing Time: Setting up of basic guidelines for customs stations
- Use of International Standards: Need reforms to fully meet international standards

Bangladesh

- Fees and Charges: Imports-3 types of border charges, advance income tax, supplementary duties, VAT Exports- Not subject to tax
- Provisions to Reduce Documentation: Several simplification measures introduced
- Standard Processing Time: No progress reported
- Use of International Standards: No progress reported

Pakistan

- Fees and Charges: Subject to high ad valorem tariffs, Domestic protection methods etc
- Provisions to Reduce Documentation: Several computerized procedures since 1996 at customs and ports, use of EASY from 2000
- Standard Processing Time: No official time
- Use of International Standards: Committed to implement

Sri Lanka

- Fees and Charges: No duties on exports, a number of charges on imports
- Provisions to Reduce Documentation: EDI(2004), ASYCUDA (1994)
- Standard Processing Time: automation → reduce time to minimum possible level
- Use of International Standards: Committed to implement

Nepal

- Fees and Charges: fairly larger in number
- Provisions to Reduce Documentation: Introduction of ASYCUDA and IT based ACIS
- Standard Processing Time: No progress made
- Use of International Standards: Committed to comply by 2007

Article V

Proposals based on Article V

- Non discrimination between modes of transport, origin and destination, carriers, routes and goods, publication of fees and charges, use of international standards, bonded transport regime, simplified and preferential clearance treatment

Current Status -South Asia

India/Nepal/Bangladesh

- Problems of offering transit facilities
- Transit issue dealt with on a bilateral basis between India and Nepal
- So far not acceded to international transit conventions

Sri Lanka/Pakistan

- Not included measures under article V

South Asian Perspective

- Benefits of TF are welcomed
- Express concern about
 - Cost of implementation,
 - S&D treatment and capacity building
 - Proposals that go beyond the mandate
- Negotiation strength differs across South Asia
 - Smaller economies face numerous difficulties in the negotiations