

SMEs AND THE WTO TRADE FACILITATION AGREEMENT

A TRAINING MANUAL















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The training manual on the World Trade Organization Agreement on Trade Facilitation explains each of the measures of the Agreement, including the key elements of the measure, the intended benefits from a business perspective, an outline of the practical steps that businesses might take in order to take advantage of the measure and practical exercises and proposed questions for group discussion. It aims to assist the business community better understand the technical measures of this multilateral Agreement and the opportunities it offers to importers, and exporters in reducing delays and costs in moving goods and services across borders.

Descriptors: Trade Facilitation, WTO, SMEs, Developing Countries, Manuals

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English

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Foreword

The World Trade Organization (WTO) Agreement on Trade Facilitation is an important tool for economies to improve their business environment. Easing the cost, time and process of doing business and trading is no longer just a policy choice. It is fundamental to increasing the competitiveness of an economy and attracting investment.

For businesses, especially for small and medium sized enterprises (SMEs), operationalizing the Agreement on Trade Facilitation is a path to internationalization, which will allow them to access international value chains at lower cost and at greater speeds.

Concluded by WTO members in December 2013, the Agreement promises greater efficiency by targeting administrative barriers to trade – unnecessary border inspections, excessive document and data requirements, manual processes, lack of coordination among border authorities and complex and inefficient rules and procedures. All of these issues delay the movement of goods and services and increase trade costs, which are often passed to consumers.

Trade transaction costs are highest in the world's poorest countries, which are the least able to carry this additional burden. For instance, the average cost to move a container across the border is 43% higher in Least developed countries (LDCs) than in other developing countries.

These costs affect SMEs the most as theyoften lack the means and capacity to comply with complex rules. The high compliance costs with customs and border procedures and other non-tariff measures (NTMs) represent significant charges relative to their smaller volumes of trade. This makes them uncompetitive as suppliers and hampers their integration into regional and international value chains.

SMEs can benefit from the Agreement by having a sound understanding of how the new procedures and requirements will complement their business priorities. Like other WTO agreements, the degree to which the intended benefits of the Trade Facilitation Agreement can be actually realized will depend upon how it is implemented in national law and practice. While implementation is the primary responsibility of the WTO members, businesses play a critical role in the consultative process to advise authorities as to how the Agreement is best applied in the national environment.

The International Trade Centre (ITC) developed this manual to assist businesses to understand the terms, potential benefits and practical use of each of the technical measures of the new Agreement, as well as to suggest potential implementation choices. ITC will continue working with SMEs in developing countries and LDCs to increase their knowledge of the new rules and the benefits available to them.

In line with the importance of cooperation among institutions, this publication was produced by ITC, in collaboration with the United Nations Conference on Trade and Development (UNCTAD), the United Nations Economic Commission for Europe (UNECE) and International Chamber of Commerce (ICC). This is an example of the United Nations' system delivering as one in collaboration with the private sector.

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