

# CHARTING A ROADMAP TO REGIONAL INTEGRATION WITH THE WTO TRADE FACILITATION AGREEMENT



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# Charting a roadmap to regional integration with the WTO Trade Facilitation Agreement

## About the paper

Small and medium-sized enterprises (SMEs) can benefit more if the WTO Trade Facilitation Agreement is implemented in a coordinated manner at regional level.

This report charts a roadmap for regional policy frameworks on trade facilitation. Such arrangements have the potential to boost intraregional trade, reduce bottlenecks and increase the participation of SMEs in regional value chains, thus deepening regional integration.

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## Foreword

Effective regional integration is an important stepping stone for countries to have greater insertion into global trade. Trade facilitation – both in terms of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) and the wider interpretation including non-tariff barriers, rules of origin, standards and the business environment – is a fundamental element of making integration work for economies and for people.

Removing obstacles to cross-border trade is one of the key objectives of regional economic communities (RECs) as they work towards this deeper integration. But this is not an automatic process. It takes careful planning, sequencing and investment in both hard and soft infrastructure at the country and regional level for trade facilitation initiatives to be sustainable and have real impact.

However, the figures on intraregional trade continue to show a disconnection between the well accepted policy objective of deeper integration and what is actually happening on the ground. Africa still has incredible unrealized potential in increasing its level of intraregional trade, which, at just 18%, compares unfavorably to that in Europe and Asia with 69% and 52% respectively. But policies are going in the right direction. One only has to look at the progress made in some regional integration movements such as the East African Community (EAC) and the commitment to the Continental Free Trade Agreement to know that this remains high on the policy radar.

A multilateral milestone was reached in 2017 with the entry into force of WTO's Trade Facilitation Agreement. The TFA creates binding obligations for WTO Members to improve the transparency, predictability, fairness and efficiency of their cross-border procedures by simplifying, standardizing and automating trade practices and expanding the coordination of border regulatory agencies.

Although trade facilitation reforms are already under way in many countries, the Agreement gave new impetus to tackle bureaucratic delays and 'red tape' – giving RECs a unique opportunity to promote concerted cross-border reforms.

Regional approaches to implement trade facilitation measures can deliver greater benefits to individual countries and the regional community than just unconnected national reforms. Coordinated cross-border reforms would help create a more consistent and predictable regional trading environment by avoiding the imposition of diverging administrative procedures and requirements in each member state. Harmonized formalities across regions would reduce business transaction costs, create the necessary condition for the development of regional value chains and be an important investment tool.

To help RECs foster a conducive business environment, the International Trade Centre (ITC) has developed a 'toolkit' to assist policymakers in designing, implementing and monitoring regional trade facilitation reforms. This toolkit provides a comprehensive review of relevant instruments and approaches available to regional institutions and their member states. Its aim is to support RECs in designing regional trade facilitation reforms – tailored to their needs and resources – that will deepen the regional integration process by promoting simpler, cheaper and faster intraregional trade transactions for businesses.

We encourage policymakers in RECs to make use of this roadmap to implement regional trade facilitation policies to help business communities thrive and reinvigorate paths of regional integration.



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## Contents

About the paper	ii
Foreword	iii
Acknowledgements	iv
Acronyms	vii
Executive summary	viii
 <b>CHAPTER 1 A REGIONAL APPROACH TO TRADE FACILITATION REFORMS</b>	 <b>1</b>
The economic rationale of regional integration	1
Regional economic integration models	2
Removing supply chain barriers	3
The role of trade facilitation	3
 <b>CHAPTER 2 BENEFITS OF REGIONAL TRADE FACILITATION REFORMS</b>	 <b>6</b>
A more conducive business environment for traders	6
Enhanced functioning of customs unions	7
Coherence with supranational rule-making authority	8
Leveraging economies of scale	9
Addressing development asymmetries within a REC	9
 <b>CHAPTER 3 PATHS TO REGIONAL INTEGRATION</b>	 <b>11</b>
Explicit references to trade facilitation reforms in REC mandates	11
Implicit references to trade facilitation reforms in REC mandates	12
Examples of trade facilitation initiatives by RECs	13
WTO Trade Facilitation Agreement: A unique opportunity	18
 <b>CHAPTER 4 POLICY OPTIONS FOR REFORMS</b>	 <b>21</b>
Legal instruments available to RECs	22
Non-legal instruments available to RECs	24
Pros and cons of legal and non-legal instruments for regional trade facilitation	25
Factoring in REC institutional arrangements	27
Synthesis of tools to advance a regional trade facilitation agenda	30
 <b>CHAPTER 5 DESIGNING A REGIONAL TRADE FACILITATION ROADMAP</b>	 <b>31</b>
Six steps to a regional trade facilitation roadmap	32

Step 1: Consolidate member states' needs and identify common requirements	32
Step 2: Build consensus on TFA obligations to be implemented regionally	33
Step 3: Define mix of legal and non-legal instruments to support implementation	34
Step 4: Outline member state and regional bodies' implementation responsibilities	35
Step 5: Define the target policy mix for each measure identified	38
Step 6: Establish a regional institutional platform to facilitate regional reforms	42
<b>CONCLUSION</b>	<b>45</b>
<b>REFERENCES</b>	<b>47</b>

## Boxes, Figures

Box 1	Five types of regional economic integration models	2
Box 2	Benin and Mali	2
Box 3	European Union	2
Box 4	European Union customs blueprints	2
Box 5	Western Africa Economic and Monetary Union	2
Box 6	Association of South-East Asian Nations	7
Box 7	Connecting Europe Facility	7
Box 8	ASEAN Economic Community Blueprint 2025	7
Box 9	East African Community	7
Box 10	One-Stop Border Post	8
Box 11	Mercosur and ASEAN: Non-EU followers	18
Box 12	The EU: The highest degree of supranationalism in the world	28
Box 13	ECOWAS Treaty	30

Figure 1	Share of intra-African trade in the continent's total trade	4
Figure 2	Traders' view of the main barriers in connecting firms to value chains	5
Figure 3	Types of tools to implement regional trade facilitation measures	30
Figure 4	A six-step regional trade facilitation roadmap	32
Figure 5	Regional implementation of the TFA: the WAEMU experience	33
Figure 6	Type of instruments to design a regional trade facilitation measures	34
Figure 7	Responsibility-sharing options of regional trade facilitation reforms	35

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