

What is WTO Trade Facilitation Agreement?

The World Trade Organization (WTO) Trade Facilitation Agreement (TFA) is a result of Doha Round of Trade Negotiations, which was launched in 2001. The agreement entered into force on 22 February 2017 following its ratification by two-thirds of the WTO membership. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and custom compliance issues. It further contains provisions for technical assistance and capacity building in this area.

The agreement aims to reduce the delays and costs incurred by importers and exporters due to inefficient control and clearance procedures of customs and other border authorities, unnecessary border formalities and documentation requirements, and opaque administrative fees and charges; all of which can add significant costs to traders, in particular the small traders that do not have the same resources to cope with these barriers.

The TFA also contains Special and Differential Treatment (SDT) provisions for Developing and Least Developed Countries (LDC) that link the implementation of the trade facilitation measures with the capacity to do so. It allows each developing and LDC Member to self-determine when it will implement each measure, and the measures for which it needs assistance.

Malawi submitted its schedule of commitment in May 2016 and later ratified the TFA on 12th July 2017. In June 2017, the Ministry of Trade conducted a TFA assessment to validate and investigate whether the self-reporting of Malawi's commitments corresponds with the capacity of the country to implement them. The final validation report states that 24 of Malawi's self-assessments of TFA commitments were found to be either fully validated or were found to substantially align with the findings of the assessment. The remaining 13 TFA commitments were found to show partial alignment or to be not aligned.

Realizing the importance of trade facilitation reforms as critical for increased competitiveness in

regional & global trade, the Ministry of Trade which is the agency responsible for coordinating all trade matters commissioned a number of studies in the area of trade facilitation in order to have a thorough understanding of current issues. These studies cumulatively provide over 300 recommendations and using the Multi-Criteria Business Analysis (MCBA) software, the ministry came up with prioritized recommendations/activities that were summarized in the National Trade Facilitation Action Plan (NTF-AP).

Through the TFA, Malawi embarked on the path to address one of the major challenges faced at the border which is the amount of time it takes to clear goods for import/export. The first step in resolving this issue is reducing the number of institutions at the border to 5 and improving coordination between the institutions at the border and this was facilitated by World Bank through the Southern Africa Trade and Transport Facilitation Program.

To be continued