

**ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS
to U.S. CUSTOMS AND BORDER PROTECTION (COAC)**

Government Report on: International Engagement and Trade Facilitation

January 13, 2016

Status:

The COAC Trade Modernization Subcommittee has established the International Engagement and Trade Facilitation Working Group (IETF Working Group) that will seek to identify barriers to effective and efficient trade with our most prominent trade partners (e.g., BRIC countries and FTA partners). Founded through recommendations from the 14th COAC session, the IETF Working Group will offer practical strategic approaches and solutions/suggestions to encourage the adoption of best practices through engagement with the World Customs Organization (WCO) and for the implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA). To achieve this, the IETF Working Group will:

- 1) identify examples of best practices that U.S. businesses experience in the United States and abroad that facilitate trade and could be applied globally;
- 2) propose methods to make customs controls and procedures more efficient and uniform globally; and
- 3) collaborate with critical government offices such as the Office of the U.S. Trade Representative, the International Trade Administration, and the U.S. International Trade Commission to enhance trade stakeholder engagement.

Since October 2015, the IETF Working Group has convened three times, and has expanded to include additional representation from both government and the trade. The IETF Working Group will work to support the mission of CBP at the WCO. Below are many of the drivers that influence the group's international outreach and trade facilitation efforts:

Background:

WTO TFA: The number of ratifications for the TFA, a multilateral trade agreement concluded at the Ninth WTO Ministerial Conference in Bali in December 2013, has increased sharply since the middle of 2015. As of December 16, 2015, 63 members have ratified the agreement: Hong Kong China, Singapore, the United States, Mauritius, Malaysia, Japan, Australia, Botswana, Trinidad and Tobago, the Republic of Korea, Nicaragua, Niger, Belize, Switzerland, Chinese Taipei, China, Lichtenstein, Lao PDR, New Zealand, Togo, Thailand, The European Union (on behalf of its 28 member states), the former Yugoslav Republic of Macedonia, Pakistan, Panama, Guyana, Côte d'Ivoire, Grenada, Saint Lucia, Kenya, Myanmar, Norway, Vietnam, Brunei, Zambia and Ukraine. The TFA will enter into force once two-thirds of Members (108 total) have formally accepted the agreement: through ratifying a Protocol of Amendment and providing notification to the WTO of their acceptance of this Protocol.

Organisation for Economic Co-operation and Development (OECD): Founded in 1961, the OECD is a partnership of 34 member countries that work to stimulate economic progress and world trade. To facilitate trade, the OECD works with governments to help improve their border procedures, reduce trade costs, boost trade flows, and achieve greater benefits from international trade. The OECD has developed a set of 11 trade facilitation indicators (TFIs) that provide the most current assessment of the potential impact of implementing the measures included in the WTO TFA.

The TFIs allow countries from diverse income levels, geographical regions, and various stages of development to identify their strengths and weaknesses in trade facilitation, prioritize areas for action, and mobilize technical assistance and capacity building efforts. To support this effort, the OECD has developed two interactive web tools that compare a country's performance across the 11 TFIs. The online assessments measure the key trade areas driving performance, compare performance between countries, and model the effects of potential policy reforms.

Mutual Recognition Arrangements: Mutual Recognition refers to those activities associated with the signing of a document between U.S. Customs and Border Protection (CBP) and a foreign Customs Administration that creates a bi-lateral understanding for the exchange of information. The document, referred to as an "arrangement," indicates that the security requirements or standards of the foreign industry partnership program, as well as its validation or audit procedures, are the same or similar with those of CBP's Customs-Trade Partnership Against Terrorism (C-TPAT) program. Mutual Recognition as a concept is reflected in the WCO's SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework). The SAFE Framework standards enable Customs Administrations to work together to improve capability in detecting high-risk consignments and expediting the movement of legitimate cargo.

On December 7, 2015, the United States signed a MRA with the Dominican Republic, a shared effort that recognized the compatibility between the C-TPAT program and the Dominican Republic's Authorized Economic Operator Program. This agreement marks the eleventh MRA that the United States has signed with Customs Administrations from around the world. In addition to the Dominican Republic, the United States has MRAs with Mexico, New Zealand, Canada, Japan, Korea, Israel, Jordan, The European Union, Singapore, the Taipei Economic and Cultural Representative Office.

Recent and Upcoming International Trade Developments:

- In December 2015, the WCO Policy Commission issued the Punta Cana Resolution, an international pledge to address the security role that Customs organizations play worldwide. The agreement promotes increased cooperation at the national and international level between Customs and other border and law enforcement agencies and recognizes that Customs Administrations must work universally to leverage resources in the fight against terrorism.
- From December 15–19, 2015, Kenya hosted the Tenth Ministerial Conference of the WTO, the organization's highest decision-making body. Just prior to the event, Kenya became the 57th WTO member and sixth African nation to ratify the TFA. Six ratifications of the TFA were submitted during the Nairobi conference from ministers representing Myanmar, Norway, Vietnam, Brunei, Zambia and Ukraine. At the closing session on December 19, ministers adopted the Nairobi Package, a series of six Ministerial Decisions on agriculture, cotton and issues related to least-developed countries (LDCs). At a related session on trade facilitation, WTO Director-General Roberto Azevêdo formally introduced the new Global Alliance for Trade Facilitation, a unique public-private partnership that will leverage private sector expertise and resources to support trade facilitation reforms.
- The Philippine Bureau of Customs will host the 2016 WCO Partnership in Customs Academic Research and Development (PICARD) Conference. The PICARD Conference has positively impacted the work of Customs since 2006, providing a platform for dynamic dialogue between Customs administrations, universities, and research institutes on topics relevant to Customs and international trade. The conference is anticipated to convene in Fall 2016.