LUNCH DISCUSSION ON TRADE FACILITATION IN INDONESIA: FROM LEGAL OBLIGATION TO POLICY IMPLEMENTATION

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From legal obligation to policy implementation

Part 1
- International competition

Part 2
- TFA: From adoption to implementation
- Bilateral & regional commitments under Indonesia’s FTAs

Part 3
- 4 jobs for the private sector
Regional competitors are performing better than Indonesia

Global ranking of national economies (out of 190) in the East Asia and the Pacific region for ease of trading across borders.
Time as a barrier to trade

What it takes to trade across borders in economies in East Asia and the Pacific (EAP)

World Bank Doing Business 2018
Cost as a barrier to trade

What it takes to trade across borders in economies in East Asia and the Pacific (EAP)

*World Bank Doing Business 2018*
Legal aspects of trade facilitation
Indonesia’s TF commitments

Bilateral and regional FTAs

- Indonesia-Japan EPA (2007)
- ASEAN Trade in Goods Agreement (2009)
- ASEAN-Japan CEPA (2008)
- ASEAN-India CECA (2010)
- ASEAN-Australia & NZ FTA (2010)

Multilateral level

- Trade Facilitation Agreement (TFA)
TFA : From adoption to entry into force

Adoption  Authentification  Expression of consent  Entry into force

Bali Agreement on Trade Facilitation

(1) legal scrubbing
(2) Adoption of the Protocol of Amendement

Ratification and notification to the WTO

Acceptation by 2/3 of WTO Members

Implementation

Dec. 2013  2014  In the process  22 Feb. 2017

135 Instruments of Acceptance deposited (As of 23 April 2018)

Indonesia ratified on 5 December 2017

Canada

TPSA
Indonesia’s TF commitments

Indonesia’s short term legal requirements

**RATIFICATION**
- Domestic process
- WTO Notification

**CATEGORIZATION**
- Cat. A
- Cat. B
- Cat. C

**NTFC ESTABLISHMENT**
- Legal backing
- Roll-out

Multilateral level

Trade Facilitation Agreement (TFA)

Canada
Indonesia’s TF commitments

Bilateral and regional FTAs

Indonesia-Japan EPA (2007)

ASEAN Trade in Goods Agreement (2009)

ASEAN-Japan CEPA (2008)

ASEAN-India CECA (2010)

ASEAN-Australia & NZ FTA (2010)

2009 ATIGA

CHAPTER 5: TRADE FACILITATION

Art. 45 – Work Programme on Trade Facilitation and its Objectives

Art. 46 – Scope of the ASEAN Trade Facilitation Work Programme

Art. 47 – Principles on Trade Facilitation

Art. 48 – Progress Monitoring of Trade Facilitation

Art. 49 – Establishment of the ASEAN Single Window

Art. 50 – Implementation Arrangement

CHAPTER 6: CUSTOMS

Similar to WTO TFA measures
Indonesia’s TF commitments

Bilateral and regional FTAs

- Indonesia-Japan EPA (2007)
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2016 ASEAN Trade Facilitation Framework (ATFF)

ATFF aims at consolidating (ASEAN & WTO instruments) and it provides a basis upon which Member States can further engage and foster greater trade facilitation regionally.

Scope of ATFF:

a) Customs and transport facilitation
b) Transparency of trade regulation and procedures
c) Standards and conformance; and
d) Private sector engagement and business facilitation.
Indonesia’s TF commitments

Bilateral and regional FTAs

- Indonesia-Japan EPA (2007)
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2016 ASEAN Trade Facilitation Framework (ATFF)

Objectives:

a) Efficient movement of goods
b) Minimize impact of NTMs, and achieve elimination of NTBs
c) Promote private sector engagement
d) Address development gaps amongst members
e) Enhance ASEAN institutional coordination
f) Improve monitoring of TF measures
g) Encourage WTO & WCO instruments implementation
Policy implementation: role of the private sector
Job #1: Firefighter

Help the government to quickly finalize the TFA measures categorization process.
TFA Structure

Preamble

Section I – Substantive Provisions

Trade Facilitation Agreement

Section II – Special and Differential Treatment

Section III – Institutional arrangements and final provisions

Definition

Special provisions giving developing countries and LDCs **special rights** and which give developed countries the possibility to treat developing countries **more favourably** than other WTO Members.

Strengthened S&DT and + effective and operational
Job #2: Advocate

Actively get involved in the NTFC and advocate for private sector’s interest
TFA Structure

Institutions

<table>
<thead>
<tr>
<th>Multilateral</th>
<th>Art. 23.1 WTO Trade Facilitation Committee</th>
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</thead>
<tbody>
<tr>
<td>National</td>
<td>Art. 23.2 National Trade Facilitation Committee</td>
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Preamble

Section I – Substantive Provisions

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Section III – Institutional arrangements and final provisions

Canada
Trade Facilitation is ALL about public-private partnership

- Ministries of trade, transport, health, agriculture or foreign affairs
- Customs authorities
- Customs brokers
- Traders
- Transport operators
- Freight forwarders

- Great deal of coordination and cooperation
- Reforms at multiple stages

Source: UNCTAD Trade Facilitation experts & documents
... and what’s a NTFB?

A trade facilitation body is a multi-agency permanent platform where public & private stakeholders discuss and coordinate trade facilitation measures at a national level.

**Government**
- Policymakers, regulators,
- ministries, agencies and officials involved in cross-border trade

**Private sector**
- Users of trade services
- Service providers – customs brokers, freight forwarders, carriers, banks, etc.

**Development partners**
- National, regional and international institutions, including development banks, the WTO and the UN
- Partner countries

**Civil Society**
- Trade unions, consumer associations, NGOs, women’s groups, academics

Source: UNCTAD Trade Facilitation experts & documents
Job #3: Engineer

Help designing and implementing trade facilitation measures
TFA Structure

Preamble

Section I – Substantive Provisions

Art. 1-5
Transparency

Art. 6-10
Fees and Formalities

Art. 11
Transit

Art. 12
Customs Cooperation

Trade Facilitation Agreement

Section II – Special and Differential Treatment

Section III – Institutional arrangements and final provisions
Substantive Provisions

1.1 Publication
1.2 Information available through Internet
1.3 Enquiry Points
1.4 Notification
2.1.1 Opportunity to Comment on New and Amended Rules
2.1.2 Interval between Publication and Entry into Force
2.2 Consultations
3. Advance ruling
4. Procedures for Appeal and Review
5.1 Notifications for enhanced controls or inspections
5.2 Detention
5.3 Test Procedures
6.1 Disciplines on fees and charges...
6.2 Specific disciplines on Fees and Charges for Customs...
6.3 Penalty Disciplines
7.1 Pre-arrival Processing
7.2 Electronic Payment
7.3 Separation of Release from Final Determination...
7.4 Risk Management
7.5 Post-clearance Audit
7.6 Establishment and Publication of Average Release Times
7.7 Authorized Operators
7.8 Expedited Shipments
7.9 Perishable Goods
Substantive Provisions

8. Border Agency Cooperation
9. Movement of Goods intended for import under customs control
10.1 Review of Formalities and Documentation Requirements
10.2 Acceptance of Copies
10.3 Use of International Standards
10.4 Single Window
10.5 Pre-shipment Inspections
10.6 Use of Customs Brokers
10.7 Common Border Procedures and Uniform Documentation Requirements
10.8 Rejected Goods
10.9.1 Temporary Admission
10.9.2 Inward and Outward Processing
Substantive Provisions

11. Freedom of Transit

12. Customs Cooperation
Job #4: Banker

Contribute to NTFC financing and help the government to obtain foreign funding
Main obstacles for NTFC

- Stakeholders' involvement: 49%
- High turnover: 28%
- Lack of coordination: 19%
- Other: 19%

Source: UNCTAD, “National Trade Facilitation Committee: Beyond compliance with the WTO TFA, 2017"
Many thanks for your attention!