



TOGETHER
for a sustainable future

OCCASION

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TRADE FACILITATION

SMOOTHING
THE PATH TO
GLOBAL MARKETS



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Inclusive and
Sustainable
Industrial
Development



With so much of the emphasis in **Trade Facilitation** placed on the need to remove red tape and improve customs procedures at the border, it is easy to overlook the fact that one of the first challenges to successful access to export markets starts at the factory gate as goods begin their long journey to regional and global markets. In this respect, the requirements of WTO's new Trade Facilitation Agreement (TFA), following on the heels of the Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) Agreements, represent a major challenge as well as an enormous opportunity for developing countries.

These countries rarely have adequate facilities in place to boost trade. In response to this problem, and drawing on UNIDO's solid experience and long track record in this field,

Trade Capacity Building (TCB)'s programme for economic competitiveness offers support to member countries to overcome these challenges and make the most of this opportunity.

The essential building block for effective and efficient implementation of the TFA lies in testing, inspection and certification, using harmonized conformity assessment procedures which are compliant with the TBT Agreement and also meet the high demands of external markets and consumers.

Are sound testing, inspection and certification procedures necessary?

Compliance with international standards has become ever more important in the 21st century. Goods exported from developing countries often fall at the last fence when they arrive at the border of their destination country and are rejected on sanitary or quality grounds. Such rejections result in major financial losses for the producers and can seriously damage the reputation of their home country. At best, the goods must be shipped back to their place of origin and, at worst, such as in the case of perishable agri-foods, the entire consignment will be destroyed at the point of entry.

No amount of streamlining of documentation can overcome such situations. What is needed is a better quality product, which has been tested, inspected and certified before it embarks on its outward journey. This dilemma has been recognized in the new TFA which makes these features a requirement under Articles 5.3, 8 and 12.1.

The answer to the problem is to ensure that products are tested, inspected and certified through an internationally recognized accredited body. Although, at first sight, this may appear to add to production costs, the savings will ultimately far outweigh the initial investment costs because:

- Goods which bear internationally recognized certification will pass through borders more quickly
- Conformity assessment certificates will be accepted on both sides of the border accelerating the transit process
- Supply chain transaction costs will be reduced
- The risk of rejection of goods at the border will be minimized

WHY

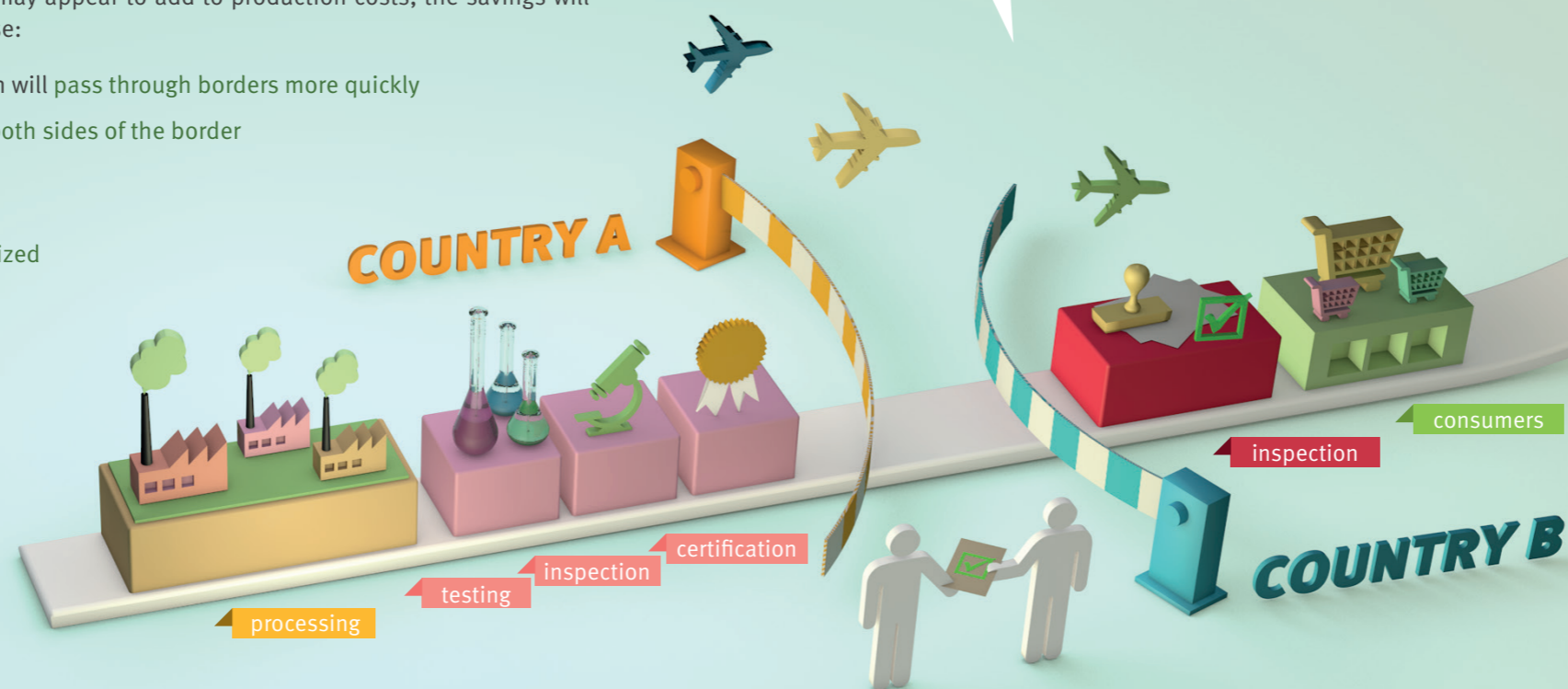


The link between the new TFA and TCB's services

The new Trade Facilitation Agreement builds on the existing solid legal framework of TBT and SPS Agreements and aims to further streamline trade procedures. New provisions will help to speed up and simplify the movement, release and clearance of goods, including goods in transit, and will improve customs cooperation. Of particular relevance to TCB's services are Article 1 relating to publication, Article 5.3 relating to testing procedures, Article 7.9 on perishable goods, Article 8 on integrated border management and Article 12.1 on customs cooperation and border inspection.



HOW



Can public and private bodies carry out inspection, testing and certification effectively?

The staggering expansion in global trade in recent years has also been accompanied by a proliferation of international requirements on testing, inspection and certification procedures. UNIDO works with its development partners to harmonize these compliance requirements and to achieve mutual recognition of procedures. This cuts out duplicate procedures on each side of the border, again reducing costs and saving transit time.

Technical support services on offer aim to:

- Analyse why goods are rejected at borders and publish the findings in Trade Standards Compliance Reports (TSCRs) which identify and address the bottlenecks in order to further facilitate trade
- Support the development of a sound country risk management system through assisting stakeholders to comply with technical regulations in order to enhance the transparency of trade procedures
- Assist testing, inspection and certification entities to achieve internationally recognized accreditation thus enabling them to offer their services to clients at competitive prices. This results in a cut in the production costs of local companies and reduces delays at the border
- Boost WTO TBT/SPS Enquiry Points throughout developing regions by feeding in new information on TFA requirements and providing those involved in trading with access to an accurate and up to date information base
- Support Small and Medium-sized Enterprises (SMEs) to overcome TBT and SPS-related issues by tackling specific quality requirements in a particular value chain. This minimizes the economic distance travelled by goods in order to reach their market.



IN PRACTICE

ARAB REGION

Working with the League of Arab States (LAS) and the Arab Industrial Development and Mining Organization (AIDMO) to strengthen regional cooperation and integration under the Pan Arab Free Trade Agreement by:

- Setting up the Arab Regional Accreditation Cooperation (ARAC) to achieve mutual recognition among the Arab States
- Boosting regional trade in food and agricultural products through streamlined and harmonized conformity assessment procedures

AFRICA

West Africa

Providing technical support to the Economic Community of West African States (ECOWAS) and the Union Economique et Monétaire Ouest Africaine (UEMOA) to improve compliance with international standards by:

- Implementing the ECOWAS quality policy and establishing the West Africa Accreditation System in line with the TBT Agreement
- Promoting SPS compliance on fish quality and safety management in artisanal fisheries in order to improve competitiveness and market access

Mozambique

Alleviating trade-related constraints through promoting exports and investment by:

- Setting up clusters of intervention on quality; information and advisory facilities; and trade facilitation
- Working with the Mozambican Revenue Authority through the Trade Facilitation cluster to cut the time and cost of moving goods across borders
- Strengthening the Institute for Export Promotion in Mozambique and assisting in the development of a national export strategy

ASIA

Pakistan - Regional Trade

Supporting intra-regional trade by addressing the importance of TBT, SPS and TFA-related requirements and promoting their compatibility by:

- Introducing a module related to TBT and SPS to expand the existing trade facilitation portal
- Encouraging recognition of equivalence and ultimately the harmonization of compliance requirements and conformity assessment services

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