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Benefits of the WTO Trade Facilitation Agreement for Ukraine

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Ukraine's position in international ratings

OECD

- Trade facilitation
- 2015 0.94
- 1.35 (max. 2.0)

World Bank

- International trade, 2015
- 109 out of 188 states

22nd position among 26 countries in Central and Eastern Europe and CIS



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Doing Business Index – International Trade – 109 position	Ukraine	Europe/ Central Asia	OECD
Time for export: Control at the border (hours)	26	28	15
Export value: Control at the border (USD)	75	219	160
Time for export: Checking the documents (hours)	96	31	5
Export value: Control at the border (USD)	292	144	36
Time for import: Control at the border (hours)	52	23	9
Import value: Control at the border (USD)	100	202	123
Time for import: Checking the documents (hours)	168	27	4
Import value: Checking the documents (USD)	292	108	25



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Ratification and implementation of WTO TFA:

- improves Ukraine's position in the rankings of the OECD and the World Bank "Doing Business"
- positive signal for investment
- efficient foreign trade

On December 7, 2013 the members of WTO (World Trade Organization) completed negotiations on Trade Facilitation Agreement (TFA)

To date, 52 WTO members have reported ratification of TFA.

Ukraine ratified TFA on 4 November, 2015



TFA key provisions:

The publication (including on the Internet) of normative legal acts concerning trade formalities	Reducing the number of documents and formalities through the development of common customs standards
Advance rulings of customs authorities	Accelerated customs clearance of perishables
Order of payments and fines	Single Window in force



TFA key provisions:

Electronic payments	Unification of border procedures
Guarantees of rapid release of goods for free circulation	Temporary admission of goods
Authorized Economic Operators	Simplified transit procedures
Accelerated shipments of goods	Provisions on cooperation and coordination of customs services



BENEFITS OF TFA





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• TFA contains 21 provisions, encouraging reduction in costs and time for customs control

• Simplification of customs procedures and reduced corruption decrease costs for exporters and importers.

• Trade facilitation reforms are directly related to the integration of Ukraine into the global production value chain

• Increasing competitiveness of Ukrainian products in international markets and the growth in exports.



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The potential benefits and costs

According to the International Chamber of Commerce, TFA will increase foreign trade and create jobs

According to OECD estimates, TFA will reduce Ukraine's costs associated with foreign trade at 11-15%.

Ukraine has already implemented more than half of the TFA provisions, therefore the potential costs apply only to certain legal, institutional and procedural reforms which are now at different stages of implementation

Ukraine can expect increased technical assistance by the US and EU (USD 5 to 50 million) to support the implementation of reforms, trade facilitation and modernization of borders.

General benefits for the economy and business outweigh the cost of TFA implementation



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Trade facilitation measures

Decrease of trading costs

Harmonisation and simplification of trade documents

3.7%

Simplified border crossing procedures

2.7%

The processes of automation of trade and customs procedures

3.1%

Providing access to trade information

2.5%

Implementation of advanced rulings

2.5%

TOTAL SAVINGS

14.5%



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**REFORM
of foreign trade activities**

**Additional trade facilitation
measures**

The liberalization of currency regulation

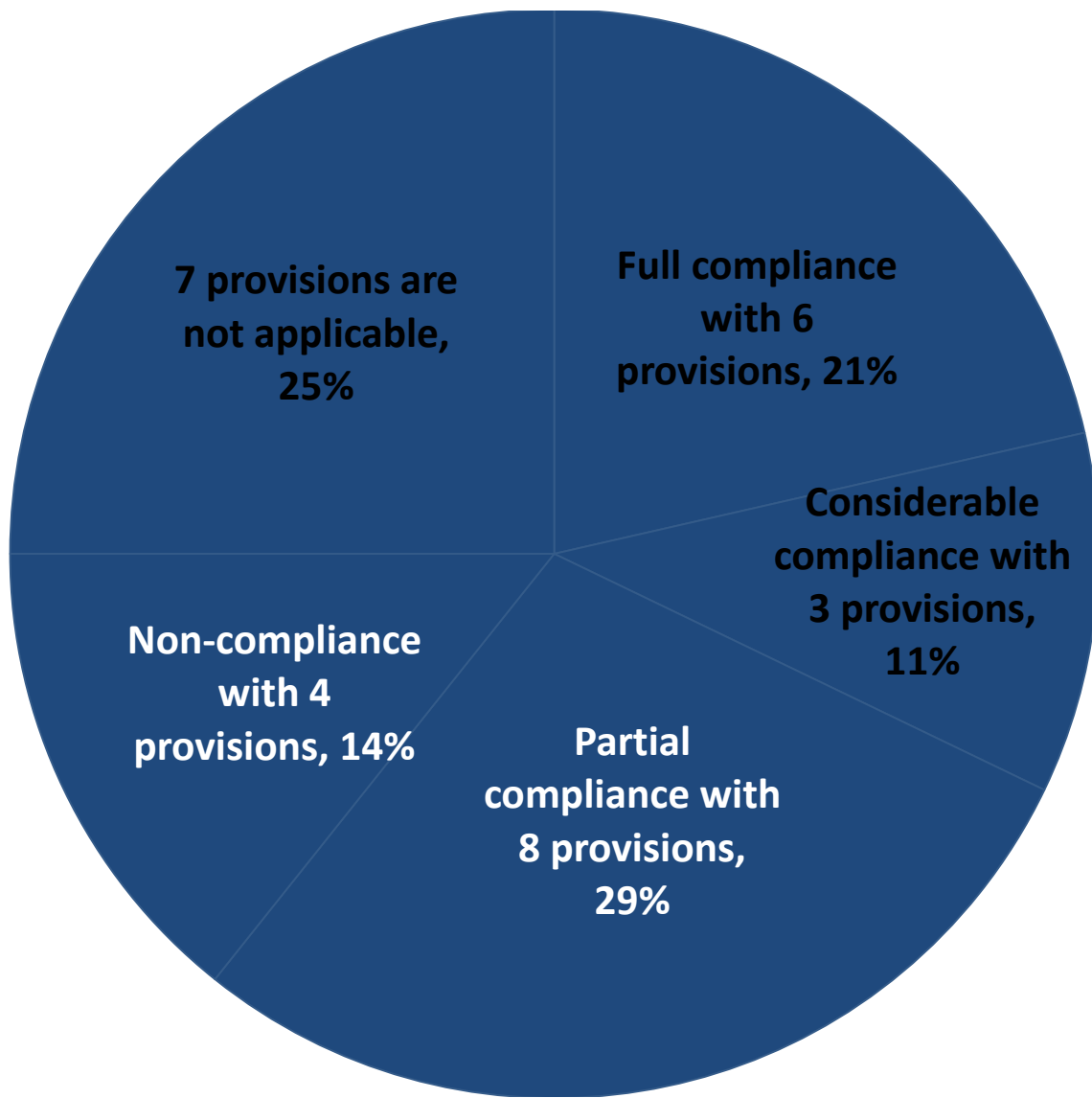
Single supervisory authority at the border

Reform of the customs service



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Ukraine's legislation compliance with 28 key TFA provisions





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INSTITUTIONAL REFORM

**Information
Centre for
importers and
exporters**

**National
Committee
on Trade
Facilitation**



Action Plan

Category A	Target date	Action
Art. 2.1 Information Available Through Internet	March 2016	To update and restructure website of the Ministry of Economy and Trade and centralize all the information required for the TFA with simplified access and greater transparency. Provide as much information available in English
Art. 7.4 Risk management (except Art. 7.4.1, 7.4.2, 7.4.3)	June 2016	To modernize Ukrainian IT risk management system to display the complete supply chain and to conduct training for customs officers. To amend the Customs Code to release customs officials from any liability in case of complete laying on IT risk management system.



Action Plan

Category A	Target date	Action
Art. 7.7 Trade Facilitation Measures for Authorized Operators	January 2016	To develop the necessary regulations to implement the program on the Authorized Economic Operator (AEO) To develop an AEO pilot program To raise awareness of the private sector in AEO program in Ukraine
Art. 7.9 Perishable Goods (except Art. 7.9.1, 7.9.2)	January 2016	To indicate that importers are entitled to obtain a written explanation in all cases where goods are not released within the prescribed period. Implementing legislation for the efficient execution of perishable goods by State Veterinary and Phytosanitary Service of Ukraine



Action Plan

Category A	Target date	Action
Art. 8 Border Agency Cooperation	June 2016	With Hungary, Moldova, Poland, Romania and the Slovak Republic: <ul style="list-style-type: none">- Fully harmonize customs documentation and formalities- Expand the common border cooperation to establish a one stop-shop at the border and to share objects at the main border crossing points for 3-5 years.
Art. 10.8 Rejected Goods (except Art. 10.8.2)	June 2016	To amend the following two laws to allow the importer to re-send the defective product or return it to the exporter or another person designated by exporter: <ul style="list-style-type: none">- Law of Ukraine "On Plant Quarantine" No 33/48-XII of June 30, 1993- Law of Ukraine "On State market surveillance and control of non-food products" No 2735-IV of December 2, 2010
Art. 11 Freedom of Transit (except Art.11.3, 11.4, 11.5, 11.6, 11.7, 11.8 and 11.10)	January 2015	To appoint a national transit coordinator to provide all requests and offers to other WTO member countries on the proper functioning of the transit.



Action Plan

Nature of Reforms

The main directions of conformity

Legislation

1. Amendments to the Customs Code of Ukraine
2. Changes to the 3 laws on the use of SPS (food safety, veterinary medicine, quarantine and plant protection)
3. Amendments to the Law of Ukraine "On foreign economic activity" No 959-XII of 16 April 1991
4. Restoration of CMU Decree No 408 of 22 May 2005 "On Establishment of Center for processing requests by WTO Member States and the World Trade Organization and provision of information"
5. Adoption of the new CMU Decree on the establishment of the National Committee on Trade Facilitation



Action Plan

Nature of Reforms	The main directions of conformity
Institutional	<ol style="list-style-type: none"><li data-bbox="562 354 1702 496">1. Establishment of the National Committee on Trade Facilitation.<li data-bbox="562 529 1586 853">2. Introduction to State Fiscal Service a structural and organizational unit for regulation of Authorized Economic Operators (AEO)<li data-bbox="562 882 1576 1025">3. Appointment of the National Transit Coordinator



Action Plan

Nature of Reforms	The main directions of conformity
Procedural	<ol style="list-style-type: none"><li data-bbox="432 261 1750 525">1. Procedures implemented by the Centre for WTO Requests and Notifications at the Ministry of Economy and Trade, designed for communications with Committee on WTO trade facilitation<li data-bbox="432 554 1727 675">2. Procedures for advanced declaration handling (including electronic declaration) before the arrival of goods<li data-bbox="432 704 1219 746">3. Procedures for AEO introduction<li data-bbox="432 775 1682 896">4. Procedures and manuals to implement audit system for post-customs clearance<li data-bbox="432 925 1750 1110">5. Procedures for proper enforcement and customs clearance of perishable goods by State Veterinary and Phytosanitary Service of Ukraine.



Action Plan

Nature of Reforms	The main directions of conformity
Customs fees	1. Revision of customs fees and charges to show the approximate cost of services rendered
IT/web-based systems	<ol style="list-style-type: none">1. Upgrade of the Ministerial website to provide centralized provision of trade information including in English2. Modernization of IT customs risk management systems3. Database and tracking audit system for post-customs clearance4. Single window5. Web pages of SFS describing the practical procedures for administrative appeals and advance rulings
Infrastructure	1. Joint border control / creation of one-stop-shop border control with neighboring countries



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TFA Implementation will encourage:

- increased Ukraine's exports;
- increased foreign investments;
- Ukraine's integration into industrial chains of EU and other countries.