European Commission Support For Trade Facilitation

January 2017

Overview of the EU support

The WTO Trade Facilitation Agreement (TFA) is expected to significantly simplify and modernise customs procedures around the world. This would help small businesses access new export opportunities and play a significant role in increasing developing countries' involvement in global value chains.

However, the implementation of the agreement - especially in the developing countries - requires reforms and investment. The EU, together with its Member States, provides more funds than any other donor.

EU support: Trade facilitation is one of the EU's aid programming priorities. 30% of EU trade-related support programmes include a component focused on trade facilitation. This surpasses formal commitments. Over the last 5 years our annual Aid for Trade commitments have averaged over €11 billion, including almost €3 billion of general trade-related assistance, of which €120 million were on trade facilitation. All this even before the TFA enters into force!

EU's contribution to other organisations: With its €10 million donation, the EU is also the number one contributor to the World Bank's *Trade Facilitation Support Programme (TFSP).* The TFSP is already operational and can provide rapid-response support for the implementation of the Trade Facilitation Agreement.

In addition, the EU contributes to the *Enhanced Integrated Framework (EIF)* that can support the implementation of the TFA in the Least Developed Counties (LDCs). During the 10th WTO Ministerial Conference in Nairobi in December 2015, the EU pledged up to €10 million for its second phase, which started in January 2016.

In December 2015, the EU also contributed €600,000 to the *WTO Trade Facilitation Facility*. The Facility supports LDCs and other developing countries in defining their needs and provides assistance to implement TFA provisions.

In the future, EU support for trade facilitation will be channeled through regional programmes. The amounts foreseen in the 11th European Development Fund 2014-2020 are as follows:

For Africa, Caribbean and Pacific:

- Central Africa: €350m, including €60m for trade
- West Africa: €1.15bn, including €145m for trade
- Eastern Africa, Southern Africa & the Indian Ocean: €1.33bn, incl. €500m for trade
- Pacific: €166m, including €50m for trade
- Caribbean: €346m, including €96m for trade

For Asia, total regional programming of €900m, of which:

- Trade envelope of €170m for South & North Asia
- Trade envelope of €150m for the Association of South-East Asian Nations (ASEAN)

For Latin America, total regional programming of €925m, of which:

- South America: €805m, including €220m for trade
- Central America: €120m, including €45m for trade

For Europe's Neighbourhood:

- Southern Neighbourhood: €412m, incl. €82m for trade
- Eastern Neighbourhood – under discussion to take account of the customs reform

The exact amounts allocated for trade facilitation are still under discussion, as they depend on the ongoing evaluation of needs and categorisation of commitments.

Who's in charge?

Responsibility for the trade facilitation policy is shared between three departments of the European Commission: DG TRADE, DG Taxation and Customs Union (TAXUD) and DG International Cooperation and Development (DEVCO).

DG TRADE deals with trade facilitation in the WTO context. DG TAXUD is responsible for managing the European customs union, as well as simplifying and modernising customs rules and procedures.

DG DEVCO is responsible for development cooperation, including Aid for trade. It provides financial support for trade facilitation through regional programmes and contributes to multilateral ones.

However, the European Commission's headquarters do not manage technical assistance projects as such. EU Delegations work with host countries to design and manage the implementation of local trade facilitation programmes.

Enquiries about specific support for trade facilitation should be addressed to the EU delegation in your country. A list of EU Delegations and their contact details are available online: http://eeas.europa.eu/delegations/index_en.htm.

General enquiries about trade facilitation policy can be directed to:

DG TRADE – Unit F1
Rue de la Loi 200
B-1049 Brussels
E-mail: TRADE-F1-REQUEST-BOX@ec.europa.eu
or
DG DEVCO – Unit C4
Rue de la Loi 200
B-1049 Brussels
E-mail: EUROPEAID-C4@ec.europa.eu

EU support in action:

Zambia Regional Integration Capacity Building Project

Grant Amount: €2.66m (part of COMESA Regional Integration Support Mechanism programme of €116m)

Starting date: May 2015

Objective: To focus on key economic sectors, including important trade facilitation reforms, to improve border management in line with the WTO Trade Facilitation Agreement.

How to propose, design and implement a trade facilitation project?

Step 1: Idea generation:
- Needs analysis (explore what has been done and what still needs to be done)
- Joint discussion on TF priority areas
- Exploring how to implement the project

Beneficiary role: Outline were the needs are the highest

Step 2: Project development and application:
- Strategy and content
- Agreement on implementation process (direct award, NGO, decentralised management...)
- Evaluation of proposals

Beneficiary role: Together with the donor, identify strategic partners (government agencies, private sector, NGOs...)

Step 3: Contracting and start-up:
- Contracting
- Detailed planning
- Inception phase (crucial for step 4)

Beneficiary role: Contribute to terms of reference as work programme for the contractor

Step 4: Implementation:
- Coordination of activities
- Reporting and monitoring
- Financial management

Beneficiary role: Effectively contribute and monitor the implementation of the contract

EU support in action:

Uganda Northern Corridor Road (NCR) Improvement Project

Grant Amount: €167m (EC contribution €122 m)

Duration: 2009-2014

Objective: To reduce transport costs and travel time on the Northern Corridor Route in Uganda with the aim of promoting economic and social development and facilitating international and transit trade and thereby boosting regional integration. The Northern Corridor links Burundi, the DRC, Rwanda and Uganda, as well as Southern Sudan to the Kenyan port of Mombasa.

Results:
1. Reduction of travel time by 25%
2. Reduction of direct vehicle operating costs by 17%
3. Lower road maintenance costs & extend road lifetime to 20 years