

# How the Trade Facilitation Agreement makes your (business) life easier

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## Key Points

- Fiji Parliament gazetted approval for the World Trade Organisation's (**WTO**) Trade Facilitation Agreement (**TFA**) in February 2017, in its strive towards making Fiji the trade, investment and manufacturing hub of the Pacific.
- TFA brings about a global reform in customs procedures. It aims to improve efficiency in trade and moving of goods across borders which can prove to be quite burdensome on small and medium-sized enterprises.

## Introduction

As the second biggest importer and exporter in the Pacific region, Fiji already represents exciting opportunities to foreign investors. The Fiji Governments' approval of the TFA represents yet another advance in Fiji's free trade policy as it now takes steps to accession of the agreement. The TFA is also in line with Fiji's Trade Policy Framework, recognising the importance of its small and medium businesses. It promises to increase trade effectiveness and reduce costs by:

- improving the exchange of information for better compliance;
- expediting the movement, release and clearance of goods; and
- facilitating trade beyond the TFA through active opportunity for reform.

## The most significant trade agreement since the GATS in 1995

While Fiji has entered into several key bilateral and regional trade agreements, the TFA may be the most significant trade agreement since its entry into the first set of multilateral rules for international trade, the General Agreement on Trade and Services (**GATS**) in 1995. GATS set the scene for the negotiations that ultimately lead to the TFA – this has certainly been a long time coming!

Although Fiji has not ratified the TFA, its Parliament's approval in early February begins the process towards full acceptance into Fijian domestic law. The TFA is said to result in an average 5% reduction

in trade costs under a partial implementation, improving trade most significantly in Least Developed Countries (**LDCs**) and Developing Countries (**DCs**), such as Fiji.

## Time Frame for Implementation

The WTO has been criticised for applying uniform standards to countries that vary markedly in resources. The TFA addresses this issue by giving time flexibility to LDCs and DCs in fulfilling their respective obligations under the TFA. Fiji has been required to classify each article of the TFA into category A, B or C, with each category stipulating a timeframe within which it will meet the requirement.

Category A	By the time the agreement enters into force
Category B	31st December 2017
Category C	31st December 2019

This scheme not only allows flexibility and the opportunity for self-determination to Member states, it also grants certainty to investors. Investors in Fiji or those considering Fiji for investment can now project the evolution of the legislation according to the timeline imposed.

## Key Aspects of the TFA

### 1. Access to information for better compliance

The TFA seeks to ease the bureaucratic hurdle of firstly knowing and then adhering to those formal requirements such as tariffs, duties, certification, labelling and packaging. By ensuring that information is readily available, it aims to provide a more effective collaboration between the customs and other relevant authorities on trade facilitation and customs compliance issues.

The TFA also directs Members to make information easily and non-discriminatorily accessible to all traders, with specific information required to also be available online. These measures will help improve transparency and enhance Fiji's capacity to participate in global value chains while also reducing any scope for corruption.

### 2. Expediting the trade process

The TFA seeks to expedite trade processes through provisions that work towards a reduction in the time and costs of facilitating the clearance of goods at borders and ports. This will be achieved through improving existing systems and processes and making them more efficient and effective; for example, streamlining the documents required and physical inspections for specific shipments.

### 3. Opportunity for reform

In addition to these short-term and specific requirements, the TFA will be harmonised into Fiji's Trade Policy Framework, with reform initiatives extending to overall improvement of customer service, short turn-around times and reduction in cost of doing business in Fiji.

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Fiji's adherence to the TFA is a strong indicator of Fiji's continued intention to be seen as a central hub in the region for investment and international trade, both within the WTO guidelines and beyond. The recently held National Trade Facilitation Workshop for the private sector was aimed at increasing awareness of the TFA and its potential benefits amongst private sector businesses.

## What does this mean for investors?

The TFA will substantially improve the ease of doing business while reducing the cost of trade. It is important that you plan your trade and investment strategies around the TFA in order to benefit from Fiji's current and prospective legislative changes in the trade sector.

**PLN Advisory** is headquartered in Fiji and provides key corporate and strategic advice for clients that operate in the Pacific region, including Fiji. Please contact **Jinita Prasad** for advice on how your business can benefit from these changes.

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