

Trade Facilitation Agreement: A success story from Nepal

By:

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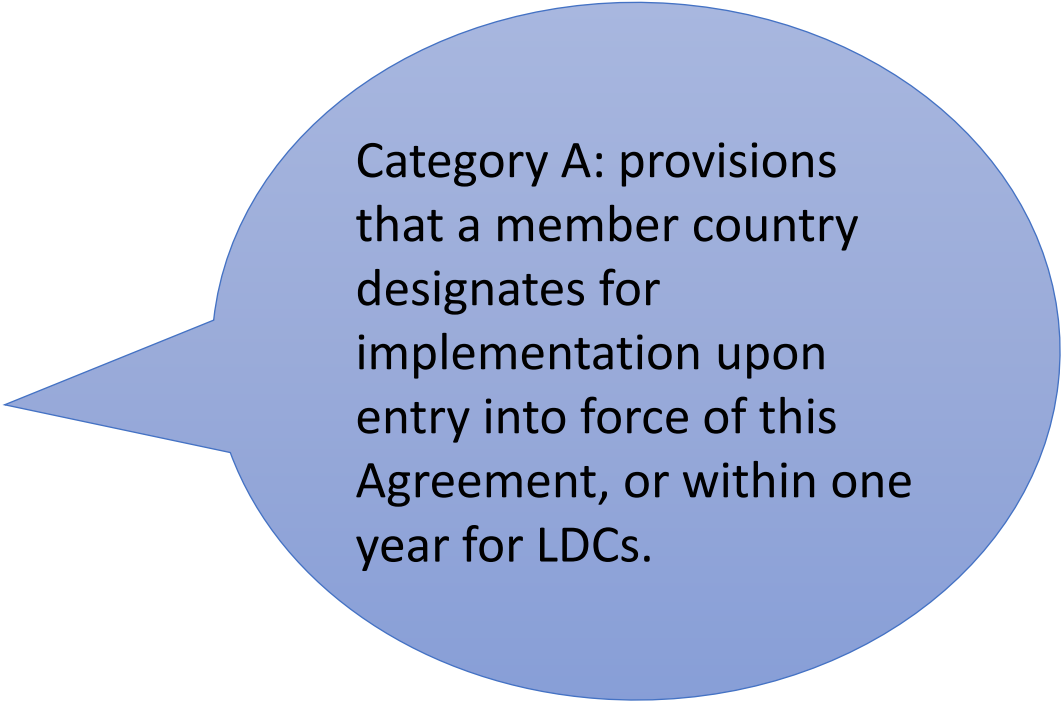
Background

- Trade Facilitation Agreement (TFA) was adopted under WTO in 2014;
- Nepal's parliament ratified TFA in 2017;
- Nepal notified two Category A commitments under TFA in 2015;
- In February 2018, Nepal notified 8 and 26 TFA measures under Category B and C respectively;
- Nepal notified the definitive dates of Category B measures in 2020 February;
- Notified the indicative dates Category C measures in Feb 2021.

Category A measures

Total measures: 2

- 10.5 Pre-shipment Inspection
- 10.6 Use of Customs



Category A: provisions that a member country designates for implementation upon entry into force of this Agreement, or within one year for LDCs.

Category B measures (notified in 2018)

Total measures: 8

1. Publication and Availability of information

1.1 Publication

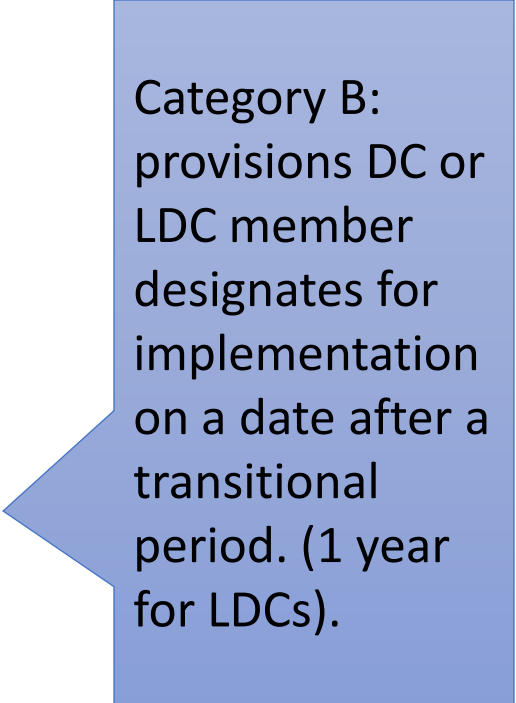
1.4 Notification

2. Opportunity to Comment, Information Before Entry Into Force and Consultations

2.2 Consultations

5. Other Measures to Enhance Impartiality, Non-Discrimination and Transparency

5.2 Detention



Category B: provisions DC or LDC member designates for implementation on a date after a transitional period. (1 year for LDCs).

Category B measures (notified in 2018)

6. Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation and Penalties

6.1 General Disciplines on Fees and Charges Imposed on or in connection with Importation and Exportation

7. Release and Clearance of Goods

7.9 Perishable Goods

10. Formalities Connected with Importation, Exportation and Transit

10.2 Acceptance of Copies

10.8 Rejected Goods

Existing status of Category B

Article No.	Article Name	Indicative Date	Definitive Date
1.1	Publication	31 December 2020	31 December 2023
1.4	Notification	31 December 2020	31 December 2023
2.2	Consultation	31 December 2020	31 December 2023
5.2	Detention	31 December 2020	31 December 2024
6.1	General Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation	31 December 2020	31 December 2022
7.9	Perishable Goods	31 December 2020	31 December 2025
10.2	Acceptance of Copies	31 December 2020	31 December 2024
10.8	Rejected Goods	31 December 2020	31 December 2025

Category C measures (notified in 2018)

Total measures: 26

1. Publication and Availability of information

- 1.2 Information Available Through Internet
- 1.3 Enquiry Points

2. Opportunity to Comment, Information Before Entry Into Force and Consultations

- 2.1 Opportunity to Comment and Information Before Entry into Force

3. Advance Rulings

Advance Rulings

4. Procedures for Appeal or Review

Procedures for Appeal or Review



Category C: provisions that a DC or LDC member designates for implementation on a date after a transitional period of this Agreement (1 year) and requiring the acquisition of assistance and support for the implementation of the provisions.

Category C measures (notified in 2018)

5. Other Measures to Enhance Impartiality, Non-

- 5.1 Notification for Enhanced Controls or Inspections
- 5.3 Test Procedures

6. Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation and Penalties

- 6.2 Specific Disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation
- 6.3 Penalty Disciplines

Category C measures (notified in 2018)

7. Release and Clearance of goods

- 7.1 Pre-arrival Processing
- 7.2 Electronic Payment
- 7.3 Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges
- 7.4 Risk Management
- 7.5 Post Clearance Audit
- 7.6 Establishment and Publication of Average Release Times
- 7.7 Trade Facilitation Measures for Authorized Operators
- 7.8 Expedited shipments

Category C measures (notified in 2018)

8. Border Agency Cooperation

Border agency cooperation

9. Movement of Goods Intended for Import Under Customs Control

Movement of Goods Intended for Import under Customs Control

10. Formalities connected with Importation, Exportation and Transit

- 10.1 Formalities and Documentation Requirements
- 10.3 Use of International Standards
- 10.4 Single Window
- 10.7 Common Border Procedures and Uniform Documentation
- 10.9 Temporary Admission of Goods and Inward and Outward Processing

11. Freedom of Transit

Freedom of Transit

12 Customs Cooperation

Customs Cooperation

Categories upgraded from C to B (notified in Feb 2021)

Provision	Heading	Definitive date
Article 3	Advance rulings	31 December 2022
Article 6.2	Specific disciplines on fees and charges for Customs processing imposed on or in connection with importation and exportation	31 December 2025
Article 6.3	Penalty disciplines	31 December 2025
Article 7.1	Pre-arrival processing	31 December 2027
Article 7.2	Electronic payment	31 December 2025
Article 7.3	Separation of release from final determination of Customs duties, taxes, fees and charges	31 December 2023

Categories upgraded from C to B (notified in Feb 2021)

Provision	Heading	Definitive date
Article 7.5	Post-clearance audit	31 December 2023
Article 7.6	Establishment and publication of average release time	31 December 2025
Article 10.7	Common border procedures and uniform documentary requirements	31 December 2027
Article 10.9	Temporary admission of goods and inward and outward processing	31 December 2025
Article 11	Freedom of transit	31 December 2032

Reason behind up gradation

S.N.	Provision	Logic behind up gradation	Legal or regulatory base	Responsible agency
1.	Advance rulings	An Advance Rulings Committee has been formed and detailed AR procedures have been published in an official Gazette effective from 3 February 2020.	Customs act (Section 89)	Department of Custom (DoC)
2.	Specific disciplines on fees and charges for customs processing imposed on or in connection with importation and exportation	GoN is applying nominal standard fees on import and export. Fees and charges applied are not commensurate to the cost of services provided	Finance bill , custom bill	Ministry of Finance (MOF), DOC

Reason behind up gradation

S.N.	Provision	Logic behind up gradation	Legal or regulatory base	Responsible agency
3.	Penalty disciplines	Penalty disciplines are included in the legal framework, commensurate with the degree or severity of individual cases.	No legal provisions for any remission or reduction of penalty in cases of voluntary disclosure.	DOC
4.	Pre-arrival processing	ASYCUDA World includes this ability, but the system has not been rolled out to all implementing MDAs.(Ministry, Department and Agency)	Will be addressed by custom bill 2020	DOC
5.	Electronic payment	Easy access to e- payment and e- banking, national payment gateway almost finalized.	Payment system act 2019, retail payment strategy 2019,	Nepal Rastra Bank (NRB)

Reason behind up gradation

S.N.	Provision	Logic behind up gradation	Legal or regulatory base	Responsible agency
6.	Separation of release from final determination of Customs duties, taxes, fees and charges	There is a provision for release of goods on submission of a guarantee for all customs related offences including valuation disputes.	Customs bill 2020, ASYCUDA	DOC
7.	Post-clearance audit	A Post-Clearance Audit Unit exists in the Customs headquarters and it is strengthened with appropriate staff, equipment, processes and protocols.	ASYCUDA World including the module for post-clearance audit connected with risk management module	DOC

Reason behind up gradation

S.N.	Provision	Logic behind up gradation	Legal or regulatory base	Responsible agency
8.	Establishment and publication of average release time	Average release time has determined by risk assessment.	Custom bill 2020	DOC
9.	Common border procedures and uniform documentary requirements	The Department of Customs issues policies and procedures at the central level, which are implemented across all Customs offices, National Single Window System	Custom bill 2020	Plant Quarantine and Pesticide Management Centre, Animal Quarantine Office, DOC,

Reason behind up gradation.....

S.N.	Provision	Logic behind up gradation	Legal or regulatory base	Responsible agency
10.	Temporary admission of goods and inward and outward processing	Customs rules carry provision for temporary admission and inward as well as outward processing in some limited cases. Temporary admission and inward processing procedures exempt goods from customs duty only and not from VAT or excise duties	Custom bill 2020	DOC
11.	Freedom of transit	PQPMC has provisions under Rule 9 (Plant Protection Regs.) No other legal provision to allow transit through Nepal. However, a few transit shipments go through air cargo to Bhutan each year. It's a geo-political issue that does not require external support.	There is no regime for managing international transit	DOC

Noteworthy achievements

- **Custom bill 2020** (in the process of parliamentary approval)
- **National single window system** (Under the leadership of MoICS and coordination of DOC, Nepal National Single Window System developed and piloted, about 42 other government agencies and stakeholders linked in the system)
- **Finalization of draft e-commerce bill.**
- **E- payment** (Banking Alignment with private sector's payment gateway, national payment gateway)

Motivating factors

- **Strong will-power of the GoN in custom reform:**
 - Custom reform and modernization plan (since 2003, 6 in series implemented, in the process of drafting the 7th plan)
 - Continuous legal and institutional reforms
 - Focus on infrastructure development, automation, database management, harmonization of custom procedures etc.
- **Accession to the international agreements:**
 - Trade Facilitation Agreement (2017)
 - Revised Kyoto Convention (2017)
- **Generous support from Development Partners:**
 - Both multilateral and bilateral development cooperation
 - Technical assistance

Welcome your queries and comments.....

Thank you.