

## From the Perspectives of “WTO Trade Facilitation Agreement”: Trade Opportunities of Albania

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### Abstract

*This paper explaining the importance of the WTO Agreement on Trade Facilitation and the reasons why it was suggested has as a purpose helping business communities in developing countries, and especially those having activity or trade relationship with Albanian businesses, understand the rights and liabilities that countries have or will accept in the future; gives an explanation of the main provisions of the agreement; clarifies how to ease controls in the borders of Albania for business, and how business can affect the way that Albanian governments in collaboration with governments of border countries implement the obligations and specific conditions they have undertaken in fulfilling the Agreement. As a methodology we are going to give the evaluation of the Agreement based on the contents of its articles and how they can be applied in the best form from customs authorities in collaboration with business communities.*

**Keywords:** Trade Facilitation, WTO, Customs Authorities, Developing Countries

### 1. Introduction

From 3 to 6 December 2013, World Trade Organization organised in Bali the 9th Ministerial Conference and the only binding agreement has been reached was in the area of trade facilitation. In this conference political fights were few compared to many negotiations related to agriculture and development issues and furthermore the expectations of the parties were met. This agreement contains many incentives and is profitable at different rates for both Developing Countries and developed economies. However, as Developed Countries have already sat customs infrastructure and in addition as they have a high share of global trade, it is thought that they will have more benefits from the new applications of customs procedures. Trade facilitation was one of the issues of the Singapore Ministerial Conference of Developed Countries in 1996, which they wanted to add to the agenda of the WTO negotiations. Ensuring progress in the areas of competition, investment, public procurement and trade facilitation is also known as the Singapore issues but this approach has not been finalized as desired (Akincioglu, 2014). More precisely, there was not emerged any memorandum of understanding how WTO should play a role in these areas. Indeed, Doha Development Agenda in 2011 treated once more the Singapore issues. As can be seen, from these issues yielded only one result which is related to negotiations of trade facilitation issue. That is why addressing this issue in detail is important.

On the other hand economic development policies undertaken actually by the Albanian government are oriented towards the opening of the regional and European markets aiming to reach the norms and standards of international market. Policies are increasingly focused on creating a favorable climate for business development, creation of commercial facilities, macro economic sustainability indicators and other legal and administrative reforms. It seems that these policies are in the same line with the content of the Agreement's articles and that is why Albanian Government together with business communities have the opportunity to best profit from the right application of this Agreement

### 2. Theoretical Background of WTO Agreement on Trade Facilitation

#### 2.1 What is trade facilitation?

According to the WTO trade facilitation is defined as the "simplification and harmonization of international trade procedures which involves the necessity for information collection, submission, transmission and processing in the movement of goods in international trade". Doha Declaration, slightly different from trade facilitation, refers to "free movement of goods, acceleration of customs clearance and acquaintances including goods in transit".

Trade facilitation in the narrow sense is the reduction of uncertainty and costs encountered in cross-border goods transport while in the broad sense can be defined as the improvement of the commercial and political environment. Examples of that could be: to facilitate and harmonize customs procedures, to have transparency for regulations and practices and to promote the use of information technology.

- Trade facilitation aim can be summarized as:
  - enhancing national competitiveness by reducing transaction costs,
  - ensuring the continuity of exports and imports,
  - Reduction of security problems and
  - reducing the corruption

WTO negotiations have been carried out under the GATT 1994 Agreement on the 5th, 8th and 10th Articles in order to be adapted to today's conditions. Article 5 of the GATT Agreement covers trade liberalization, Article 8 covers customs formalities and fees, and Article 10 covers the publication of the legislation.

## 2.2 Agreed topics

Agreement consists of two parts. The first part is about the new obligations on member states. In this regard, countries should reshape the customs administration, ensure the passage of goods more effectively from the borders and must provide access to accelerated shipping channels. Agreement must provide more transparent practices, comfortable access to applied customs regulations and procedures, and also an effective sharing of information with the public. In the second part of the agreement are provided special and differential treatment provisions for Developing Countries and the Least Developed Countries (LDC). The commitments on trade facilitation for Developing Countries and LDCs can be considered in three categories:

- Category A: contains obligations should be applied immediately after the entry into force of the Agreement.
- Category B: covers the commitments which will be implemented after a certain transition period.
- Category C: gives importance to the issues to be enacted with the support of Developing Countries.

Both parts of the Agreement have been object of intense debate in recent months. Indeed, Developing Countries who realize that don't have the necessary resources to meet commitments determined in the first part of the agreement have expressed for a long time the need for being supported with material help in order to apply the Articles in the first part of the agreement. Strong commitment in the first part of the agreement with the needs for technical assistance and capacity building for Developing Countries presented in the second part, constituted a significant obstacle to negotiations to provide a compromise. In this context, it can be said that without getting the necessary help, Developing Countries will be not obliged to implement the commitments given by the first part of the agreement.

The disputes related to the second part of the agreement which have been suspended for a long time were settled a few days before the WTO General Council meeting held on 26 November 2013. However, for the differences on political and technical content in the first part of the agreement could not be overcome. In front of difficulties for compromise some member states have preferred not to deal with some issues such as consulate procedures. Subject of fixed infrastructure and pipelines, which led to the conflict between United States and Russia, was removed from the agenda.

## 2.3 Trade Facilitation and its facts

According to Peterson Institute for International Economies the WTO trade facilitation agreement would:

1. Increase trade opportunities by:
  - Decreasing transaction costs by harmonization, mutual recognition, and easier access to information
  - Use less time to deliver products to markets and customers
  - Enlarging market access

## 3. Boost World Economy by US\$1 Trillion and Create 21 Million Jobs

Bigger trade efficiency may increase global trade in manufacturing by up to US\$ 377 billion a year and increase in threshold the benefits for consumers from tariff decreasing. The profits would be from streamlining customs, decreasing corruption, better infrastructure and more efficient cross-border services, and increase the business speed from the Internet use. Important improvements in trade facilitation may increase exports of developing countries by approximately

US\$570 billion and exports of developed countries by US\$475 billion. All together this will take to more than US\$1 trillion world export gains. Trade facilitation improvements could make 21 million new jobs throughout the world, from which developing countries gaining over 18 million jobs while developed countries increasing by 3 million jobs their workforce.

#### **4. Reduce the Cost of Doing Business by at Least 10%**

Difficult customs processes and excess red tape increase costs, which for sure at the end fall on businesses, consumers and national economies. Simply decreasing this red tape by half would get the effect of tariffs removing. The costs of trading through borders is evaluated at around US\$ 2 trillion. If the WTO trade facilitation agreement would remove these barriers to trade and cut red tape in half, would decrease total trade costs by 10% in developed economies and by 13-15.5% in developing economies.

#### **5. Most Profiting: Small- and Medium-Sized Enterprises in Developing Countries**

The profits from trade facilitation are likely to benefit small- and medium-sized enterprises (SMEs) in developing countries because SMEs suffer more from big trade administration costs than larger enterprises. SMEs compose the majority of the business sector especially in developing countries. The costs for SMEs from developing countries are higher by the fact that they in general have less access to information and less experience with the customs authorities in developed countries. They are also generally seen as high-risk firms and this makes them subject to numerous physical checks

#### **6. 13 Articles of WTO Agreement on Trade Facilitation (WTO, 2013b)**

As mentioned above this agreement will produce more fruits and from these fruits are likely to benefit most SMEs in developing countries. Seeing as opportunity for SMEs in Albania we are going to comment in detail the content of this agreement in order to be clearer for the interested parties how they can profit from it.

The WTO Agreement on Trade Facilitating (WTO, 2013b) issues are compiled in 13 articles organized as follows:

Article 1: Publication and availability of information

Article 2: Opportunity to comment, information before entry into force and consultation

Article 3: Advance rulings

Article 4: Appeal or review procedures

Article 5: Other measures to enhance impartiality, non-discrimination and transparency

Article 6: Disciplines on fees and charges imposed on or in connection with importation and exportation

Article 7: Release and clearance of goods

Article 8: Border agency cooperation

Article 9: Movement of goods under customs control intended for import

Article 10: Formalities connected with importation and exportation and transit

Article 11: Freedom of transit

Article 12: Customs cooperation

Article 13: Institutional arrangement

OECD has set out 12 trade facilitation indicators (TFIs) that correspond to these categories of measures (Moisé, Orliac and Minor, 2011). Research findings suggest that the greatest contributions to decreasing trade costs are most likely to come from measures to streamline procedures and from advance rulings.

Other potential areas are automation, and measures to streamline fees. OECD has resulted that the cumulative cost reducing potential of all the TFIs is almost 10% of trade costs; an evaluation which they note is in the same line with other studies of trade facilitation on trade costs. The following will consider the provisions of each of the above articles and their implications for business.

The first set of articles, Articles 1-5, especially focus on transparency issues, and expand on GATT Article X.

#### **7. Methodology - Commenting the Articles of WTO Agreement on Trade Facilitation and the Opportunities of Albania**

The reason of choosing this methodology is to make this paper serve as a useful business guide for trading companies in

the developing countries making business with Albanian companies and push the Albanian Authorities for a fast and serious application of the Agreement in collaboration with business communities.

### 7.1 Article 1: Publication and availability of information

The issues covered by this article are:

1. Publication
2. Information available from Internet
3. Enquiry points
4. Notification

The main requirements here are that Member States are obliged to publish 'promptly' a big range of information related to the requirements, instructions and procedures for clearing goods for import or export.

This includes instructions, procedures, forms, manuals and documents; rates of duty, tariffs and taxes; rules for the categorization and valuation of goods for customs purposes; rules of origin; transit restrictions, procedures and instructions; penalties; appeal procedures; trade agreements; and tariff quota administration arrangements. In addition, Member States have to publish this information on the Internet - notably procedures, forms, manuals and documentation, together with information on national enquiry points, which must be designated and notified to WTO. These additional, specific transparency requirements should assist business to update information about all import and export procedures.

Also Members are encouraged to make available further trade related information through the internet, including relevant trade-related legislation and other items related to customs procedures.

Coming up from the business environment in Albania - corruption and monopoly issues - application of this article rigorously from official authorities will help without limits all interested SMEs in treating them equally among their competitors.

### 7.2 Article 2: Opportunity to comment, information before entry into force and consultation

The agreement obliges new requirements on Member States to consult and advise traders and other interested parties before introducing new or amended laws or regulations related to the clearance of goods. It also ensures for regular consultations and advice between border agencies, traders and consumers within its territory. Ensuring regular consultations will help decrease the anxieties of not having sufficient access to border agencies for consultations on customs and other border matters, and push traders and border officials to the opportunity to discuss the most efficient approaches and without burdens in order to achieve regulatory objectives.

Each Member shall, in a manner consistent with its domestic law and legal system, provide opportunities and an appropriate time period to SMEs and other interested parties to comment on the proposed amendment of laws and regulations of general application related to the movement, release and clearance of goods, including goods in transit.

Changes such as to duty rates or tariff rates, as well as measures that have a relieving effect or whose effectiveness would be undermined by prior publication would be very sensitive for SMEs and a prior consultation and publication of them is a significant advantage.

Applying such an approach from the customs authorities would help not only business but also customs office itself to reach their targets for collecting taxes, fees and charges which are the most sensitive issues nowadays in Albania.

### 7.3 Article 3: Advance rulings

An advance ruling is a written decision provided by a Member to an applicant before the importation of a good covered by the application that determines the treatment that the Member shall provide to the good at the time of importation with regard to:

- a) the good's tariff classification, and
- b) the origin of the good

A Member may ask that an applicant have legal representation or registration in its country. Such requirements shall not restrict the groups of persons eligible to apply for advance rulings, with particular consideration for the needs of small and medium sized enterprises. These requirements shall be clear, transparent and not constitute a means of arbitrary or unjustifiable discrimination according to ninth session of Ministerial Conference.

This is a new field for WTO rules, but anyway it reflects existing practice in many Member States. OECD has

emphasized that this is one of the most effective measures in the agreement for facilitating trade. Importers and exporters are often faced with nonequal decisions on classification and origin, depending on the customs office of import or export or the rotating allocation of appraisal officers. This is the reason of producing uncertainty in the entire cycle of trade transactions, as these different decisions have an impact on the fees and charges to be paid and for sure on the end price of the product. This situation leads to move supply chains to countries with higher certainty, predictability and reliability, with an obvious and significant impact on trade development.

The WCO's instructions on advance rulings in compliance with the provisions of standard 9.9 of the Revised Kyoto Convention define the term as follows: 'The expression "binding ruling" (or "advance ruling") generally designates the option for customs to issue a decision, at the request of the economic operator planning a foreign trade operation, relating to the regulations in force. The main benefit for the holder is the legal guarantee that the decision will be applied'.

The new agreement is therefore a big advance for trade facilitation. The obligations being a must on Member States are:

- To issue an advance ruling in a reasonable, time-bound manner to an applicant that has presented a request with necessary information; or to explain in writing the related facts as to why an advance ruling has been declined;
- To guarantee the advance ruling for a period of time and to be bound by it;
- To publish requirements how an applicant can apply for an advance ruling and for how long it shall be valid; and how an applicant may request a review of an advance ruling;
- To publish such advance rulings because they may be of interest to other traders.

#### 7.4 Article 4: Appeal or review procedures

The new agreement pushes the provisions also on appeal or review procedures, administrative or judicial, beyond those already included in GATT Article X. This is aimed at decisions by customs authorities, but Member States are encouraged to extend these provisions to decisions by other related customs agencies. The purpose of the right to appeal is to protect consumers or traders from the decisions or omissions of Customs which are not in compliance with the laws and regulations that Customs are responsible to administer and enforce. According to WCO the review conducted by the competent authority and the verdicts of that review may be efficient of ensuring equal application of the laws, regulations and instructions.

An administrative decision in this Article from the Albanian Customs Authority means a decision with a legal effect that affects rights and obligations of a specific person in an individual case. Knowing the situation in Albania regarding the justice system in general, where most of individuals or businesses have little trust on it, it will be very significant issue to open a big green light for the interested parties in order to show them the right of appeal and the way how to do it.

It shall be understood that an administrative decision in this Article includes an administrative action within the meaning of Article X of the GATT 1994 or failure to take an administrative action or decision as provided for in a Member's domestic law and legal system. For addressing such failure, Members may maintain an alternative administrative mechanism or judicial recourse to direct the customs authority to promptly issue an administrative decision in place of the right to appeal or review. In case of Albania, an alternative administrative mechanism could be treated efficiently by the Administrative Court, functioning since October 2013, by dedicating a special focus to these sort of appeals.

#### 7.5 Article 5: Other measures to enhance impartiality, non-discrimination and Transparency

This article includes new WTO requirements on Member States relating to border controls and inspections of foods, beverages or any thing else related to feed for people or animals. Where a Member State issues announcements or guidance for enlarging the level of control or inspection of such goods, the article enforces the Member State concerned to base such controls or inspections on risk, to apply such measures in a unique form at relevant points of entry, to withdraw the procedures immediately when the circumstances no longer justify them, and to publish in the same time an announcement of the expiration of the measures. It also obliges the importer or his authorised agent to be informed of any cases where the goods have been detained, and, if a first test proves negative, it obliges the Member State to carry out a second sample test if requested to do so.

In case of Albania the application of this article is very important from two aspects:



- a) *Protection of final consumers*: In Albania still a big part of food and beverages is imported and part of domestic production is exported. A regular inspection of foods, beverages or any thing else related to feed for people or animals is related directly to health issues of final consumers in Albania or abroad.
- b) *Non-discrimination of food producing SMEs*: Many agriculture products in Albania are known for their bio status and the opportunity of such products would be higher in case Customs and Border Authorities emphasize on the application of this Article.

#### 7.6 Fees and formalities for import, export and transit

The next set of articles, Articles 6-12, are related mainly with fees, charges and formalities for import, export and transit, expanding on GATT Articles V and VIII.

#### 7.7 Article 6: Disciplines on fees and charges imposed on or in connection with importation and exportation

The purpose of this article is to limit the amount of fees and charges to the nearly cost of the services given, in keeping with existing GATT requirements. A publication requirement has been included together with a clause asking Member States to review their fees periodically and not to demand payment of revised charges before the information on them has been published. A series of good items has been included on the intrusion of penalties. These ensure that penalties are imposed only on persons responsible for a breach of laws or procedures, and guard against conflicts of interest in the evaluation and collection of penalties and duties. They also specify that penalties imposed should be in proportion to the breach, taking in consideration the mitigating circumstances, be communicated in writing, and be imposed within a fixed period from the pretended offence.

Taking in consideration the practice when penalties are applied by customs authorities in Albania, and that immediately the bank accounts of persons or companies are blocked until their penalty, fee or charge is paid, tell us for a poor communication between customs authorities and traders and without alternatives to have a soft collaboration. Coming up from this situation we want to mention that Article 6 requires from each Member to ensure that when a penalty is imposed, first an explanation in writing is provided to the person(s) or company upon whom the penalty is imposed specifying the nature of the breach and the applicable law, regulation or procedure under which the amount or range of penalty for the breach has been prescribed.

As we mentioned in the introduction part of this paper, if the WTO trade facilitation agreement would remove the barriers to trade and cut red tape in half, would decrease total trade costs by 10% in developed economies and by 13-15.5% in developing economies. The reduction of trade costs and the regulation of discipline on fees and charges is for sure an opportunity not to be lost from SMEs.

#### 7.8 Article 7: Release and clearance of goods

This article is commented in detail because it sets out the procedures which Member States are obliged to establish or maintain for the release and clearance of goods for import, export or transit. This article is important for Albanian SMEs because it clarifies many details to make them understand better the customs procedures when importing or exporting, and especially for companies offering the service of transit. It provides for best practice in customs and other border procedures, and reflects suggestions of the World Customs Organization, notably in the Revised Kyoto Convention.

Article 7 includes:

*Pre-arrival processing* - The new agreement obliges Member States to operate procedures and instructions that would allow documentation, including in electronic format, and other formalities to be dealt with prior to the arrival of imported goods, in order to speed up their release as they have arrived.

*Electronic payment* - The agreement requires from Member States to allow traders the option of making payments electronically for duties, fees and other customs charges.

*Separation of release from final determination of customs duties, etc* - Member States are asked to operate procedures that will allow goods to be released for import or export before a final determination has been made of the customs fees and charges, having the condition that all other regulatory requirements have been met.

*Risk management* - Each Member State is asked to operate an appropriate risk management system, under which customs controls would be focused on the highest-risk consignments, thus allowing low-risk consignments to enjoy faster release.

*Post-clearance audit* - Member States are also asked to operate a post-clearance audit system, under which traders would be forced to subject their records to customs authorities in order to show they are in compliance with customs controls and to allow verification of compliance with other regulatory requirements.

*Average release times* - Member States are urged to publish average release times, in order to show to traders that goods are not being held up unduly. A particular tool suggested by the agreement is the WTO Time Release Study. In the World Customs Journal, Matsuda explains that as part of the efforts by customs administrations to streamline interagency procedures at customs and ensure that trade facilitation measures are being applied in an effective way, a Time Release Study (TRS) has been used to improve the performance of the functions being measured. He describes that this as a unique tool for measuring the performance of border activities, and customs procedures, as they relate to trade facilitation at the border (Matsuda, 2011).

*Authorised operators* - Member States should provide additional trade facilitation measures to operators who meet the criteria, otherwise referred to as 'authorised operators'. Responding to these recent global developments, the WCO adopted in June 2005 the SAFE Framework of Standards to Secure and Facilitate Global Trade ('the SAFE Framework of Standards'). Its aim was to help changes to the world trade regime and the growth in the end-to-end management of goods moving across borders, while recognizing the importance of a partnership between customs and the business in relation to supply chain security. Instructions on AEO conditions and requirements have been a must in these international standards. These have undergone a number of revisions and renovations, the latest version being published in June 2012 (WCO, 2012).

*Expedited shipments* - Member States must adopt or maintain procedures for allowing for expedited release of 'at least' those goods entered through air cargo facilities. This is a concern of express delivery operators, many of which operate air cargo services and whose services are based on the ability to offer just-in-time delivery. In modern global supply and value chains, just-in-time delivery supports to reduce business costs such as holding costs for inventory and raises competitiveness.

*Perishable goods* - The agreement enforces Member States to provide for the release of perishable goods within the shortest time, giving them priority when scheduling examinations, and allowing for storage before going to release, including release at storage facilities where practicable, and at the request of the importer.

#### 7.9 Article 8: Border agency cooperation

This article emphasizes an obligation on Member States to provide that its authorities and agencies responsible for customs controls and procedures for import, export and transit of goods cooperate with one another and coordinate their activities in order to facilitate trade. The article recommends that such cooperation and coordination may include:

- a. *Alignment of working days and hours* - Problems come up when border authorities on either side of a border open at different times. The result is that the border is closed for longer than necessary, a problem that can easily be avoided by alignment.
- b. *Alignment of procedures and formalities* - When different customs agencies operate by being independent from each other, delays can occur as traders have to comply separately with uncoordinated requirements. Coordination helps to provide that clearance of goods can be achieved more quickly and efficiently. Data harmonization and document alignment can also be particularly important examples of how procedures, instructions and formalities can be coordinated.
- c. *Development and sharing of common facilities* - Efficiencies can be realized if border agencies share common facilities, such as buildings. For example, Co-location in verification sheds helps to ensure that physical controls can be done together. An example of best practice is in Poland, where the establishment of one-stop processing and the construction of joint processing facilities at land border crossing points has resulted a 30% reduction in processing time (CSD, 2011). Another example for Albania we can mention the common customs building at Muriqan between Montenegro and Albania.
- d. *Joint controls* - If customs agencies need to verify the contents of a consignment, it causes delay if those agencies independently require a physical control. Sharing of data and other coordination of controls also helps the control process.
- e. *Establishment of one stop border post control* - A number of countries have gone down the route of creating 'one-stop border posts' (OSBP), involving closer cooperation between the customs agencies operating at a particular border.

Coordination is significant to the efficiency of border crossings, where fragmented controls can cause too much delay and queuing of vehicles. The WCO has led an initiative to promote coordinated border management. As Albania has some customs offices at the land borders of Greece, Macedonia, Kosovo and Montenegro, would be very efficient operationally to realize the coordination by having 'one-stop border posts'. All these countries are relatively small, they can be passed through roads and railways very soon and losing time at the borders of every different state would be non-sense and create abnormal burdens.

#### 7.10 Article 9: Movement of goods under customs control intended for import

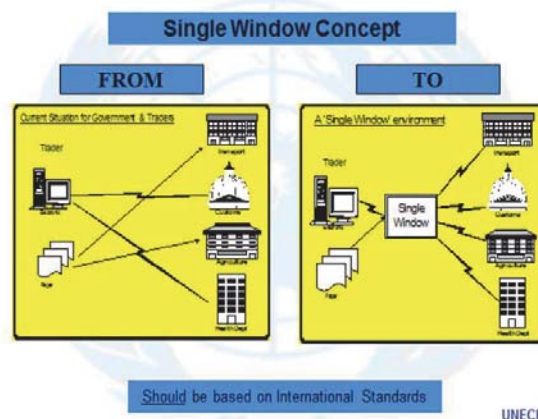
This short article asks from Member States, as much as possible to allow goods for import to be moved under customs inspection not at the point of entry but at another customs office. The purpose of this article is to speed the flow of goods at borders and to allow goods to be cleared at inland warehouses. Normally this should not be a problem and in fact would help improve border clearance times.

Even in Albania there are some inland warehouses in different cities, traders complain because still they have to wait in lines. In compliance with the functionality of this article the number of such warehouses should be increased.

#### 7.11 Article 10: Formalities connected with importation and exportation and transit

This substantial article has as a purpose to minimize the incidence and complicated procedures of import, export and transit formalities and to decrease and simplify documentation requirements. It includes the following:

1. *Formalities and documentation requirements* - Once the agreement has come into force, Member States will be asked to review their procedures and documentary requirements for import, export and transit, and ensure that they are equipped towards fast release and clearance of goods and reducing compliance costs and time for traders. They must also be the least trade restrictive measures available, and be eliminated if no longer needed.
2. *Acceptance of copies* - The agreement urges Member States where appropriate to accept paper or electronic copies of documents, and to force government agencies to accept copies, including where applicable from the government agency that holds the original, rather than from the trader.
3. *Use of international standards* - The agreement encourages Member States to pursue best practice in the form of international standards and to participate in the review and development of international standards.
4. *Single window* - Member States will be asked to use their best efforts to establish or maintain a single window for the submission of documentation and/or data requirements for import, export or transit, and to simplify processes and procedures so that information which has already been provided from the single window should not be asked for again by another customs agency participating in the single window. Member States are also asked, as much as possible and if practical, to make their single windows electronic. The use of single windows, in which a trader would only once input all the data required for import or export, provides an ideal trade facilitation tool. Yet such systems, if they are to work properly, require a commitment by all the relevant customs agencies to participate.



Source: UNECE



5. *Pre-shipment inspection* - The new agreement stops the use of pre-shipment controls where this procedure is used to determine tariff categorization and customs valuation. Other types of pre-shipment control will remain permitted although Member States are urged not to extend the practice.
6. *Use of customs brokers* - The agreement bans Member States from including measures to make the use of customs brokers obligatory. Member States are also asked to publish national measures on the use of customs brokers and make sure that licensing requirements for such brokers are transparent and objective. Mandatory use has been seen as another unnecessary cost to traders.
7. *Common border procedures and uniform documentary requirements* - Under a broad new obligation, each Member State has to apply common customs procedures/instructions and uniform documentation requirements for the release and clearance of goods throughout its territory. This is to make sure that will be applied common standards that will improve predictability for traders over how procedures are applied, and at the same time to improve compliance for customs authorities.
8. *Rejected goods* - Member States are asked under the agreement to allow an importer to re-consign or turn back goods that have been rejected for import due to their failure to be in compliance with sanitary, phytosanitary or technical regulations.
9. *Temporary admission for goods including inward/outward processing* - A provision asks Member States to allow goods to be imported under temporary admission procedures or to be imported or exported under inward or outward processing procedures that provide full or partial release from payment of duties and taxes.

#### 7.12 Article 11: Freedom of transit

The enlarged provisions on freedom of transit, which are the subject of GATT Article V, are included in a single article in the new Agreement, Article 11. The article repeats the provision in GATT Article V that each Member State has to treat products in transit in the same way if they were being transported to their destination. Member States are also asked to remove any procedure or formalities on traffic in transit that are either not needed or whose obligations can be done in a less trade-restrictive way. No new fees that are additional to those administrative expenses already provided for in GATT Article V should be enforced on traffic transiting through a Member State's territory, and even such expenses should be limited to the cost of providing the transit service. New provisions that have been agreed include:

- Stimulating Member States to ensure physical separation between traffic in transit and other imports;
- Providing that formalities, documentation requirements and customs inspections on traffic in transit have unnecessary burdens to identify the goods and ensure fulfilment of transit requirements;
- Providing that after goods have been put under a transit procedure they will not be subject to further customs inspections until they conclude their transit within a Member State's territory, nor will they be subject to technical regulations/instructions and conformity assessment while in transit;
- Asking Member States to allow filing in advance and processing of transit documents;
- Asking Member States to expire the transit operation immediately once the traffic in transit has reached the destination where it exits the territory of the Member State;
- Requiring Member States to give off any guarantees without delay.

Albanian Customs Authorities should evaluate very well the benefits generated from this article. There are some Balkan countries like Serbia, Kosovo, Macedonia which don't have their own entries to a sea port and it is very relevant for them in terms of time and place to use the sea ports of Albania.

There is also a new general obligation on Member States to cooperate with each other to enlarge freedom of transit. Business must find that the rules on transit will be much more simplified by these obligations. It should also monitor performance on the transport corridors, and report to national authorities any breaches of these obligations. If such breaches are found, they can be discussed in the newly constituted WTO Committee on Trade Facilitation (see Article 13 below).

## 8. Other Provisions

A number of many issues, not found in the existing GATT, are included in Articles 12-13. These include customs cooperation, institutional administrations and national trade facilitation committees.

### 8.1 Article 12: Customs cooperation

A detailed article sets out the terms and conditions for improving customs cooperation and coordination. The broad aim is to set up a framework for cooperation and coordination that obliges Member States to share information in order to provide orderly coordination of customs inspection, while respecting the confidentiality of information held. The article sets out the procedures and instructions that Member States must follow when a customs authority needs information from the authority in another Member State to verify an import or export declaration, because of suspicions over the truth or accuracy of the declaration. Such information must be asked officially in writing, and the authority to which the request is made must correctly supply the information requested, to the way that it is available. Information must be held in strict confidence and not disclosed without specific written permission. There are provisions for postponement or rejection of a request, including for reasons of lack of reciprocity in meeting a similar request in the opposite direction. The article also clarifies that Member States may maintain bilateral, plurilateral or regional agreements for sharing or exchanging customs information and data.

According to the Agreement and by the means of limitation, requested Members shall not be required to:

- a. modify the format of their import or export declarations, instructions or procedures;
- b. ask for documents other than those submitted with the import or export declaration;
- c. initiate enquiries to get the information;
- d. modify the period of retention of such information;
- e. introduce paper documentation after an electronic format has been introduced;
- f. translate the information;
- g. controlling the accuracy of the information;
- h. ensure information that would prejudice the legitimate commercial interests of particular enterprises, public or private.

### 8.2 Article 13: Institutional arrangements

The Negotiating Group on Trade Facilitation will be replaced by a permanent forum – the Committee on Trade Facilitation – to observe the operation of the agreement and further its objectives. Member States have agreed that there should be an initial review of the operation of the agreement four years after it has entered into force, and this will in all probability take place within this new committee. Business should be interested in how the agreement is taken forward. Business communities must find ways of involving their respective governments through national advising mechanisms. This is known in a simple provision in this article, which enforces each WTO Member State to form a national committee on trade facilitation, or designate an existing mechanism. Amongst the functions that such bodies may fulfil, the agreement determines that they are to facilitate domestic coordination and application of the agreement. This echoes a recommendation of UN/CEFACT that countries should form national trade facilitation committees (Recommendation 4).

## 9. Conclusions

Experience so far has shown that the most efficient and rapid growth of a country's economic and sustainable development, is the path of trade liberalization in all its aspects, through the facilitation of tariff barriers and non-tariff ones, reduction of subsidies that distort trade, facilitation of licensing procedures for commercial activities and rigorous compliance of the WTO Agreements discipline.

Economic development policies undertaken actually by the Albanian government are oriented towards the opening of the regional and European markets aiming to reach the norms and standards of international market. Policies should increasingly focus on creating a favorable climate for business development, creation of commercial facilities, macro economic sustainability indicators and other legal and administrative reforms.

The agreement provides the establishment of mechanisms for mutual information and notification for products that do not meet safety requirements and legal ones for intellectual property. Developing, improving customs declaration system and simplification of transit procedures are some of the areas of cooperation that are part of this agreement.

This Conference reached its goal as the General Director of the WTO, Roberto Azevedo, said in his closing speech "We have turned back to the World, the World Trade Organization. I am happy to say that for the first time in history, the WTO has achieved something important. Bali Package is a selection of Doha Package and with its approval we have not only reaffirmed commitment to the WTO, but we have reaffirmed also the commitment to the DDA (Doha

Development Agenda) ".

For an efficient implementation of this agreement, as well as mentioned in the agreement, each Member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of provisions of this Agreement. In addition working groups should be set in collaboration with neighboring states in order to identify non - tariff trade barriers, which will propose measures for their elimination at the agreed deadlines.

On the other hand, continuous consultation with the business community about joint measures to eliminate trade barriers among countries, should be the focus of ongoing work of the Albanian Government, and in particular the Ministry of Economic Development, Trade and Enterprise.

Globalization and regionalization is a reality shown in different ways, perceived differently by each state. Politicians have the duty and obligation to translate this reality into reforms to support social and economic development.

For Albania, European Integration should be a national priority and strategic goal. Trade Policy of Albania should be aligned with the Common European trade policies by providing balance already well established among other member states of the WTO. Principles of growth and development should restrict authorities at central and local levels in establishing unnecessary barriers to trade or any other form of hidden barriers, which may hinder the economic growth of the country. Albania should be decided to facilitate trade and reduce any burden for the business within and across borders.

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