



National Trade Facilitation Committees: Fostering Private Sector Participation

GUIDANCE AND GOOD PRACTICE

Fostering Private Sector Participation in the NTFC

Why is regular private sector participation and consultations important for the success of the NTFC? What are the strategies to increase private sector participation?



Introduction

Private sector participation is important for NTFC success

The central role of global trade in national economies and the ever-changing dynamics of the international supply chain have brought to focus the role of government in its engagement with industry.

While businesses seek to reduce trade costs, governments are called upon to process increasing volumes of cargo with less reliance on physical interventions and with greater efficiency and speed—all of which needs to be accomplished without compromising on compliance, revenue, safety, and security.

To accomplish this, governments and the private sector need to collaborate to adopt policies and programs that are conducive to international trade.

What is a National Trade Facilitation Committee?

The World Trade Organization's Trade Facilitation Agreement (TFA) entered into force on 22 February 2017. Article 23.2 requires WTO members to establish a National Trade Facilitation Committee (NTFC) or to designate an existing mechanism that can facilitate the domestic coordination and implementation of the TFA's provisions.



Context

A dynamic partnership between the public and private sectors

The National Trade Facilitation Committee (NTFC) is a body that can help establish a dynamic public-private partnership and assist governments to modernize and simplify trade procedures and discharge their mandate on trade facilitation in an efficient manner. The NTFC provides the opportunity for governments to learn as much as possible about business needs and expectations to respond to them effectively.

By design, the NTFC is a living platform which is meant to have an ongoing dialogue with all stakeholders. The dialogue is a continuous process requiring constant involvement and feedback from the private sector on the crucial aspects of trade facilitation.

The NTFC is a body that is established to implement reform programs through a constructive and sustained two-way communication and interaction between government and the private sector.

If government administrations and the private sector fail to collaborate, the implementation of new trade facilitation measures may be impeded, if not completely thwarted. But when they collaborate, the new trade facilitation measures are implemented with greater ease leading to greater voluntary compliance.

Regular consultation and discussions need to take place between government and the private sector not just at the apex of the NTFC level, but also in other local forums to help reduce possible anxieties and apprehensions of the business community. Traders and border officials should have the opportunity to discuss the most efficient and effective approaches to achieving regulatory objectives.

Private sector representation is critical to NTFC success

A recent WTO [survey](#) highlighted that WTO Members cite the involvement of the private sector as a critical success factor for an effective NTFC. Over 98 percent of the NTFCs in member countries involved the private sector, including both traders (importers, exporters) and service providers (e.g. forwarders, transport providers, brokers).

Representation of the private sector in NTFCs is often at the 'association' level - including the chamber of commerce; freight forwarders associations; importer or exporter associations; shippers/carrier associations; and major industries. Where ports, airports, clearance terminals or warehousing facilities are privatized, representation is done by a trade body or individual senior managers.

Potential roles of the private sector

- Participate in meetings to identify constraints and validate reforms
- Provide transparency and input into solutions that work
- Need to be committed for the long term
- Provide a platform for close and ongoing consultations
- Contribute to the prioritization and implementation of TFA-related measures
- Contribute to the private sector outreach effort on TFA.

Multi-tiered decision-making process

Many countries adopt a multi-tiered decision-making process to separate the issues at the policy and strategic level (government) from those at the operational and technical levels (business). Steering committees and technical working groups are often formed to lead implementation.

Whilst countries agree that the private sector's role is essential for the success of the NTFC, there is no one-size fits all model. Different approaches include:

- *Consultative role:* The private sector is involved through consultations (i.e. they are not part of the committee, but they engage in the dialogue).
- *Official membership in the NTFC:* The private sector sits on the NTFC or on a relevant sub-committee.

Driven by commercially meaning reforms

According to the same WTO survey, the TFA implementation process should be driven by commercially meaningful reforms, which, in turn, provides increased business community support for the work of the national committees.

Inclusive representation

The WTO survey also noted that an inclusive approach for private sector participation is a success factor in NTFCs. Within the private sector, there are many competing interests. Not only among traders themselves, but also among companies that provide services to traders (e.g. customs brokers, transport companies, freight forwarders, banks, logistics companies, etc.). It is beneficial for NTFCs to work with a wide range of organizations, including business organizations, business councils, SME associations, cross-border associations, customs brokers, transporters, and freight-forwarding companies.

In addition to diverse private sector inputs, ensuring a strong voice of MSMEs and participation of women-led businesses is needed. Some countries have targeted policies to bring more women on board in NTFCs and ensure a more inclusive approach is being considered when implementing trade facilitation reforms.

However, the WTO survey also cautions on striking the balance in terms of inclusiveness, as having too many participants can have a negative impact on the NTFC's level of efficiency and impede the committee's ability to reach consensus on decisions.

Private sector needs and expectations from the NTFC

A good-quality organized and informed private sector that can make its case to government is key in the NTFC process. Principles for effective private sector engagement:

- *Joint vision:* The private sector needs to be involved in the agenda setting to make them more committed to the work of the NTFC.
- *Professional:* Consultations need to be well-prepared and conducted in a professional manner with rigorous follow-up.
- *Meaningful collaboration:* NTFCs are not only a mechanism for joint collaboration, but they must be meaningful and functional. The consultations should be safe environments where all parties can exchange ideas, encourage each other to be ambitious, build trust, and understand and manage differences of opinion and interests. Key to this is ensuring that consultations are a two-way dialogue and based on mutual benefits.
- *Relevant agendas:* Reform agendas need to be relevant for the private sector and address bottlenecks in the supply chain. The private sector is on the front line of trade. They have first-hand knowledge of problems and a privileged perspective on possible solutions.
- *Results oriented and transparent:* NTFCs that are results oriented with clear plans and monitoring tools gain more interest from private sector representatives, such as dashboards to communicate reform progress.

Important role of the NTFC secretariat

The role of the NTFC secretariat is important. Its purpose is not to solely organize meetings, but to manage and drive the reform process so that the private sector can effectively participate. Essential to this is developing linkages between local and national interests, ensuring the right players are around the table, demonstrating progress in terms of results and gaps, having effective meetings with clear agendas, minutes and accountability on action points, etc.

Encouraging innovation and challenging the status quo

In some cases, there are cultural clashes between the private and public sectors. It is important for NTFCs to adopt a culture that enables businesses to encourage innovation and challenge the status quo. If the NTFC operates only at a strategic policy level, it may lose the interest of the private sector – who are more interested in the everyday challenges they face. The trade facilitation reform process must be relevant to the private sector.

Strategies to increase private sector participation

For effective private sector participation in the NTFC, some countries have identified the need to build the capacity of business to better understand the WTO Trade Facilitation Agreement and other trade facilitation measures, how to use it effectively to reduce their transaction costs, and how to advocate for business friendly cross-border reforms.



Country Examples

In **Brazil**, the private sector has no representation in the high-level national trade facilitation committee (made up of government entities – headed by the President and four major government ministries). A **sub-committee**, however, exists with private sector representation from national associations. **Local commissions** for trade facilitation at the major ports, airports, and larger cities – where 80% of customs clearance takes place – are also comprised of private sector membership. These commissions meet to resolve local trade facilitation issues that affect procedures related to exports, imports, transit of goods, and trade facilitation, in bonded warehouses in secondary zones, ports, airports, and land border points. They often use the time release study as the basis for discussion. The commissions feed up the issues and propose trade facilitation measures to regional and national committees. This allows for a parallel sequencing of tasks.

In **India**, the NTFC has representation from both public and private stakeholders. The private sector is involved at the highest level and is represented by various trade associations. The NTFC currently has 12 government departments and 6 private sector associations. The NTFC is chaired by the Cabinet Secretariat, followed by steering committees chaired by the Revenue Secretary and Commerce Secretary. Ad-hoc working groups assist with specific provisions and focus on outreach, legislative changes, the time release study, infrastructure and upgrade, and regulations and procedures. The NTFC operates on principles of global best practice for private sector partnerships: (1) inclusiveness: composition of the NTFC is inclusive – increasing the involvement of private sector (across senior/ mid/ junior levels) for the successful implementation of trade facilitation reforms, including 'women in global business program' aimed at capacity building and connectivity; and (2) consultation: the NTFC provides a platform for consultation and dialogue between government departments and the business community to provide insights when legislations/policies are developed.

In **Nigeria**, the NTFC is comprised of both public and private stakeholders. To further cement this commitment to private sector collaboration, consideration is currently being given to making a private sector representative the NTFC Vice-Chair. The committee values the participation of the private sector and is currently working to expand the involvement of the private sector in all NTFC activities, including capacity building on trade facilitation for women trader groups and MSMEs. An action point in the current roadmap is to co-opt more women business groups into the NTFC. Some unique communication features of the NTFC include dedicated hot lines for contact information on enquiry points and a Trade Facilitation desk within the Minister of Trade's office (and coordinated by the Directorate of Trade in the Ministry).

In **Costa Rica**, public and private participation in the NTFC is almost equal. There are 5 delegates from the private sector and 7 vice ministers. There is a technical secretary, led by the President's office, and local committees for the land border posts, airports, and ports to drive local implementation. Furthermore, there are technical commissions responsible for key areas such as: regulation, foreign trade, infrastructure, and equipment, etc. Four steps in the decision making process include: (1) needs assessment regarding infrastructure, technology, human capacity in ports, airports, and land border posts; (2) technical commissions to analyze those needs and work on draft proposals; (3) commissions present technical recommendations to the committee; and (4) decision making process at the political level by vice ministers and representatives of the private sector.