



# TRADE BEAT

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## The Economic Competitiveness Package (ECP) *Supporting Trade Facilitation & Global Commerce*



In today's world of economic uncertainty, the focus of several international organizations has been on creating sustainable development programs, with an emphasis on supporting international trade. It is felt that by creating a favorable trade environment for countries around the world, global trade volumes would increase and countries would benefit from open markets and be able to advance their economies. These development programmes seek to encourage the increase of international trade flows by reducing global barriers to trade, thus creating stronger economic links between countries.

The World Customs Organization (WCO) has been instrumental in developing several packages that will assist its Members in addressing key issues affecting international trade. In its vision for Customs Administrations in the 21<sup>st</sup> century, the WCO has presented four key packages, which aim to standardize operations and align its Members with international best practices in several key areas to ensure their progress and development. The Revenue Package guides the fair and efficient collection of revenue, the Compliance and Enforcement Package ensures the protection of society and the Organizational Development Package addresses institutional and human resource development. The Economic Competitiveness Package (ECP) which is the focus of this issue, supports trade facilitation and security, and creates a platform for international cooperation and information sharing among Members.

To understand the ECP, competitiveness must be considered. Competitiveness describes the ability and performance of an entity to sell and supply goods and services in a given market in relation to the ability and performance of other entities in the same market. Consider this on a larger scale; the economic competitiveness of a state speaks to its economic viability relative to the economic viability of another state engaging in global trade and commerce. Conceptualized by the WCO, the ECP is a program targeted to maximize on the performance of its Members, and ensure their viability in the global market.



## The Role of Customs in enhancing the ECP

The role of Customs is an essential and necessary component in the smooth and free flow of international trade. The WCO recognizes the importance of a modern and efficient Customs administration and its contribution in enhancing the economic competitiveness of a State. Consequently, the ECP was launched in 2012 to advance the economic development of its Members, which were encouraged to share information by identifying and circulating their respective innovative initiatives. Customs Administrations worldwide are encouraged to share information with counterparts in their region, with the aim of addressing issues that they may have in common. Apart from problem solving forums, Customs is also encouraged to exchange innovative developments within their respective regions to strengthen the capacity of Customs as a whole.



## WCO Instruments and Concepts supporting the ECP

The ECP may be considered a work-in-progress by design, as the scope of the package allows for constant dialogue with stakeholders to ensure that programs implemented remain current. The ECP is also used as a tool to strengthen and promote existing WCO instruments and concepts, and is critical to the development of future ones as may be required. The formulation of the ECP has been guided by several WCO instruments and concepts which define a clear path for economic competitiveness.

Central to the ECP is the Revised Kyoto Convention (RKC) which is the core international convention for modernizing Customs Administrations. The process of accession to the RKC requires that Members simplify and modernize Customs procedures, which contributes to more favorable conditions for conducting trade. With more than 80 Contracting parties to the RKC, countries that have acceded to the Convention account for more than 80% of world trade. With access to these markets, a State could easily enhance its competitiveness by advancing its exports and increasing the probability for foreign direct investments. Based on the volume of participating countries, the potential for positive growth and development for a Members economy may be realized.

The ECP also provides for technical guidance on how to achieve these goals, and States are encouraged to sign the Convention and utilize the WCO tools to modernize their operations and ensure their economic viability. Among the WCO instruments and concepts used for modernization and support for the ECP are:

- The SAFE Framework
- The Data Model
- The Time Release Study
- Tools for transit and integrity
- Risk management
- Customs-Business partnerships
- Globally Networked Customs
- Coordinated border management
- The Single Window



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## Goals and Strategy for the WCO Economic Competitiveness Package (ECP)

The WCO Economic Competitiveness Package (ECP) has three core goals for strengthening Customs' contribution to economic competitiveness and the relevant strategy.



### Elaboration and communication of the WCO instruments and tools to stakeholders;

This will be achieved by providing a consolidated list of the WCO instruments and tools directly related to the economic competitiveness package. Practical guides will be provided on how to implement the World Trade Organization (WTO)'s Agreement on Trade Facilitation (TFA) while supporting regional integration. This will be done in tandem with the draft texts of the WTO negotiation on trade facilitation to ensure that the texts are compatible.

### More WCO Members acceding to the RKC;

Since acceding to the RKC is viewed as a critical component in undertaking the ECP, Members are encouraged to accede to the Convention, through various activities and tools which will be accounted for and maintained by the WCO.

### More WCO Members implementing the WCO instruments and tools;

WCO Members will be assisted in implementing the various instruments and tools via an action plan. The ECP will assist Customs administrations with their broad border management responsibilities, as well as expanded capacity building programmes.



## Four (4) Areas have been identified with the relevant Action Plan for the enhancement of the Economic Competitiveness

- **Awareness-raising and Member's Needs Assessment**

Regional seminars/workshops, publication, needs assessments

- **Promotion of Existing Instruments and Tools**

Regional strategic plan, capacity building, E-learning for RKC

- **Collection and Dissemination of Innovative and Best Practices**

Collection and dissemination of innovative and best practices on existing tools and Informal Trade, Small and Medium Enterprise (SME)s

- **Development and Elaboration of the ECP**

Development of new tools, further research on ECP



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In establishing a roadmap for the ECP and its subsequent implementation, better conditions will prevail in achieving the future TFA which will support regional integration. Apart from increasing international trade volumes and contributing to economic competitiveness, the ECP's principal aim is to improve border operations and support legitimate trade. Central to this is the support of the Small and Medium Enterprise (SME) Sector which is vitally important for the development and growth of a country. Arguably, this often overlooked sector is the main driver of a successful economy. Although the industries of the SME Sector are small, collectively their impact is significant.

Another major area that garners support from the ECP is the Informal Trade Sector, where the primary goal is centered on augmenting compliance. Through the implementation of various modernization systems found in the WCO instruments and tools, the aim is for compliance to become obligatory. Customs administrations, along with collaborative efforts of government agencies, can realize increases in revenue collection in a sector where compliancy is of significant concern.

### Regional Workshop

For the implementation and the development of the ECP, an adequate assessment of the needs of WCO Members is essential. Given that needs vary among Members; the WCO has organized workshops across the regions to properly identify and advance the goals of the ECP. Workshops in 2013 have already taken place in the East and South African Region, the Asia Pacific Region and the America and Caribbean Region. Workshops scheduled for the North Africa, Near and Middle East Region and the European Region will take place later on in the year.

The ECP Workshop for the America and Caribbean Region was conducted from June 12 to 14 at the Regional Training Center, in Brasilia, Brazil. The meeting gathered two (2) WCO representatives and twelve (12) representatives from the Caribbean and Latin American countries, namely Brazil, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guyana, Haiti, Jamaica, Mexico, Nicaragua and Uruguay.



During the activity, the results of the WCO Research Conference on Informal International Trade were presented, and the experiences on the regional Customs transit and on trade relations with the SMEs were exchanged. Measures to facilitate trade, the use of the harmonized system, the development of human resources, mutual recognition agreements, the cooperation Customs-Customs and Customs-private sector and the application of the RKC were discussed and considered important issues. In addition, it was agreed that the exchange of experiences and practices through workshops would improve the regional communication, and that the results elaborated would be a good basis for a regional strategy. The issues concerning the coordinated border management and the informal trade constituted the key priorities for the region and a preliminary version of the Regional ECP strategy was developed, which should be approved by June 2014. Members were encouraged to continue the information sharing and to ensure regional integration, which would be supported by the WCO's commitment to collect and disseminate innovative practices of Members on the ECP by the end of 2013.



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