

# WORLD TRADE ORGANIZATION

RESTRICTED

G/C/W/113  
20 April 1998

(98-1577)

---

Council for Trade in Goods  
21 April 1998

## CHECKLIST OF ISSUES RAISED DURING THE WTO TRADE FACILITATION SYMPOSIUM

### Note by the Secretariat

1. During the presentations and the subsequent discussions at the WTO Trade Facilitation Symposium, participants raised a large number of issues and made a variety of suggestions to address these issues. By far the greatest attention was given to problems of official procedural requirements for the import and export of goods, in particular in relation to customs and border-crossing.

2. The checklist contained in paragraphs 4 to 9 of this note is a collection of suggestions from different speakers. It contains all issues raised which relate in the widest sense to government activity. Matters related to commercial contracts between private parties are not included. A short summary of the problems raised during the symposium is followed by a comprehensive list of suggestions made to overcome these problems. While in the areas of transport, payments, and electronic facilities, all recommendations to governments are listed together, issues related to border-crossing are classified in five categories: (a) documentation requirements, (b) official procedures, (c) automation and use of information technology, (d) transparency, predictability, and consistency, and (e) modernization of border-crossing administration. Subjects already covered by WTO rules, and suggestions for a future WTO role are listed separately.

3. A summary of the proceedings of the Symposium, as well as a full compendium of all presentations made will be issued shortly.

#### A. Physical Movement of Consignments (Transport and Transit)

4. Speakers noted that many of the problems for transport operators relate directly to requirements of border crossing. Another problem raised was the lack of uniform international transport rules for all modes of transport, in respect of documentation, technical regulations, as well as reporting and visa requirements.

#### Speakers suggested that governments consider

- harmonization of information requirements for the movement of goods, which would subsequently allow for exploration on processes under which outbound and inbound clearances can be accomplished by a single filing;
- implementation of existing international agreements for each mode of transport and further work toward one multi-modal, multilateral code;
- adoption of the Montreal Protocol IV in order to facilitate air transport;

- development of common regulations and reporting requirements for the movement of vessels in and out of ports, based on the common criteria established by the IMO Convention on the Facilitation of International Traffic (FAL);
- harmonization of national legislations concerning the movement of crews and passengers in sea transport;
- harmonization of technical requirements for vehicles based on existing work in this area;
- harmonization of fiscal charges, restrictions and traffic bans, as well as visa requirements for drivers in the area of road transport;
- adoption of existing international rules and harmonization of the various national rules for the carriage of hazardous goods;
- improvement of market access conditions for foreign transport enterprises.

B. Import and Export Procedures and Requirements, including Customs and Border Crossing Problems

5. Speakers raised issues and problems and made suggestions to enhance trade facilitation as noted below:

(a) Documentation Requirements

Innumerable documentation requirements and official regulations exist for the import and often also the export of goods. Approximately 60 documents are used in an average international trade transaction. Although these documents have different purposes, around 80 per cent of the information contained within them is the same. Frequently, documentation requirements are ill-defined and traders are not adequately informed on how to comply with them, thus increasing the potential for errors. The resulting lack of transparency of formalities creates an environment conducive to irregularities and malpractice. Non-harmonized and excessive documentation requirements in certain countries increase paperwork four-fold, while the time lost waiting for border release in many regions accounts for up to 20 per cent of total transport time and up to 25 per cent of total transport costs. At the same time, it is questionable whether the large number of information requirements is effective in curtailing dishonest practices.

Speakers suggested that governments consider

- reduction of documentation requirements for import and export. A serious internal review should survey what data are really necessary for customs authorities, and which of them could be obtained through other methods, i.e. by accepting commercial documents or information provided for export purposes;
- rationalization and alignment of format, content and numbers of documents required in line with the United Nations Layout Key for Trade Documents and other UN standards, including UN/EDIFACT;

- increasing possibilities for electronic data submission;
- separating the presentation of documentation from border-crossing and relying to a larger extent on post-clearance audits;
- publication of all official requirements and establishment of information centres (at borders) where traders can receive authoritative information on official requirements and collect all necessary official documents;
- review regulations that demand the dispatch of numerous samples for product registration, which can become effective trade restrictions when applied to high-value, low-volume consignments;
- review of their labelling requirements which often demand inappropriate and unreasonable measures from importers;
- use of a single administrative document for all import and export regimes;
- seeking greater compatibility between import and export documentation by harmonizing information requirements. Common sets of documentation between importing and exporting countries would assist processes under which outbound and inbound clearances can be accomplished by a single filing, thus facilitating one-stop border controls. This would also increase customs control as it would help to avoid under-valuation by traders;
- use of international standards for the exchange of information, (standard definitions of individual data elements, standard messages, or standard codes);
- harmonization of import, transport, and transit requirements regarding dangerous goods, phytosanitary requirements, and veterinary prescriptions, where a variety of national requirements additional to international standards persist;
- greater standardization of the wording of compulsory labelling. Governments should consider whether attaching secondary labels in the language of the importing country would suffice to meet the concerns reflected in the labelling regulations.

(b) Official Procedures

Together with documentation requirements, antiquated official procedures are responsible for the delays in international trade. For low-risk consignments, transaction-based controls not only slow down clearance, but also result in sub-optimal use of customs resources, which are better concentrated on high risk consignments. Risk assessment and audit-based controls help trade facilitation, allow for more efficient enforcement of regulations, and improve collection of duties by customs, thus presenting a win-win situation.

Speakers suggested that governments consider

- conducting all official controls in a single location and concentrating them in the hands of customs as the responsible agency;

- streamlining procedures to avoid unnecessary checks and double-checks by other regulatory government agencies;
- the increased use of communication systems to undertake more effective risk assessment and profiling, allowing the large number of low risk consignments to cross borders with minimal intervention, while focusing customs resources on high-risk consignments;
- moving from transaction-based control procedures to audit-based controls, thus eliminating intervention during the movement of goods;
- introducing measures that facilitate pre-arrival processing and expedited clearance upon arrival;
- carrying out official procedures at traders' premises instead of at ports;
- issuing "authorizations" to compliant traders to make them eligible for minimized "green channel" fast track processing;
- flexible means of paying duties, including advance settlement and refund measures;
- acceptance of payment guarantees, such as bonds instead of deposits;
- introduction of systems that allow the efficient post-release collection of taxes and duties;
- self-assessment of trusted traders;
- abolition of prior registration procedures for labels, or, at least, establishment of a single centre that processes the applications for such registrations;
- standardization of procedures and streamlined operations which increase transparency in formalities and help traders build realistic expectations regarding time and costs involved in border-crossing.
- establishing effective liaison between customs administrations at border-crossing points.

(c) Automation and Use of Information Technology

Lack of or insufficient use of automated processes and information technology is a major source of delays, costs and inefficiencies, as paper documents have usually to be presented at the time of border-crossing, and verification of the information submitted takes place at that time. Experience in customs administrations that have increased the use of information technology shows that border-crossing time can be reduced considerably, while control and revenue collection functions are improved at the same time.

Speakers suggested that governments consider

- allowing for, or enhancing the use of electronic data submission, thus speeding up filing and processing, and delinking the place of filing from the borders or ports of arrival. This way, errors can be sorted out before goods arrive at borders and delays can be minimized;
- use of communication systems to undertake more effective risk assessment, which would help a larger number of goods to move across borders with minimal intervention;
- adapt electronic systems that facilitate post-release payment of taxes and duties;
- develop electronic data transmission between exporting and importing administrations.

(d) Transparency, Predictability and Consistency

Lack of transparency and predictability is a major source of uncertainty as regards costs and time involved for international trade transactions. Without predictable information on costs and time, traders have difficulty making informed business decisions. As lack of transparency and predictability of requirements and procedures allows for a wide range of discretion on the part of officials, it is also a major source of irregularities and corruption.

Speakers suggested that governments consider

- publication of all laws, regulations, and administrative rulings;
- making legislation, procedures and documentation requirements as transparent as possible and defining the scope of information to be provided to authorities as clearly as possible. This would help avoid misunderstandings, delays, additional costs, longer working time for officers, and limit their discretionary powers;
- greater uniformity in the application of customs laws, regulations, administrative guidelines and procedures;
- specification and publication of all fees and charges levied in order to allow traders to assess more accurately the costs involved in the trading process. Lack of transparency in this area makes procedures particularly susceptible to irregularities;
- application of laws, regulations and requirements only after their publication;
- implementation of the principles of the Arusha Declaration on Customs Integrity;
- re-evaluating penalization for inadvertent mistakes which result from misunderstandings due to inadequate transparency;

- harmonization of national tariffs beyond the 6-digit level of the Harmonized System;
- establishment of a database which contains the specific customs requirements of all WTO Members.

(e) Modernization of Border-Crossing Administration

Customs departments and other government agencies involved in trade are often inefficiently structured internally. Common problems include inadequacies in physical infrastructure, training and education, insufficient emoluments of the staff, and lack of cooperation between customs administrations as well as between customs and trade.

Speakers suggested that governments consider

- improving the educational standards of officials, especially regarding the rules the officials are administering;
- increasing the ratio of professionals relative to other staff;
- extending opening hours of border-crossing authorities and adjusting them to commercial needs;
- locating agencies which need to cooperate functionally together under one roof. These agencies should conduct official controls in one place;
- increasing cooperation mechanisms between traders (represented for instance by chambers of commerce) and customs. A trust based relationship will improve compliance and allow customs to focus their resources on high-risk consignments;
- seeking financing from international financial institutions and the private sector to overcome infrastructure problems;
- regulation of professional standards of customs brokers and customs warehouses;
- greater cooperation between customs administrations. Information exchange, common border controls, and the introduction of "one-stop" border controls for immigration and customs should be pursued.

C. Payments, Insurance and other Financial Requirements which Affect Cross-Border Movement of Goods in International Trade

6. In the area of payments and financial requirements, a large number of problems resulting from commercial practices of banks, insurances, etc. were cited. Inefficient payment and credit arrangements remain the main obstacle to trade, often resulting in long delays for the payment of goods. Internationally agreed messaging protocols are often not implemented, in part because overly rigid government rules prescribe specific payment methods that do not allow the use of these protocols. Methods of export credit evaluation are often antiquated. In addition, there is no internationally agreed method to ensure the legal validity and security of electronically exchanged

payment messages when those messages are originating from or are sent to a party that is not a bank (for communication between themselves, banks use their own private network: S.W.I.F.T.).

Speakers suggested that governments consider

- setting rules that recommend faster payment methods and faster bank handling of transactions;
- setting rules providing greater flexibility on payment methods where foreign exchange controls persisted;
- agreement on a single international method to ensure the legal validity and security of electronically exchanged payment messages, possibly based on the BOLERO model.

D. Electronic Facilities and their Importance for Facilitating International Trade

7. Speakers expressed the need to address legal issues in connection with electronic commerce in a multilateral context. The importance to promote EDI nationally and to use UN/EDIFACT as the common standard for EDI was highlighted.

Speakers suggested that governments consider

- contributing to the work under UN/EDIFACT to develop a more open, easier to use, standard that will further facilitate the use of EDI over the internet for trade transactions;
- implementation of cryptography rules such as the 1997 OECD Guidelines for Cryptography Policy;
- increased use of EDI between regulatory authorities and with private firms;
- working towards multilateral solutions on payments, tax liability, legal, and social issues arising from the use of Electronic Commerce.

E. Areas Covered by WTO Agreements

8. Speakers asked for greater implementation of existing WTO rules and made suggestions for improvement of WTO rules in certain areas:

- Documentation related to sanitary and technical requirements is too extensive and the requirements are often inadequately defined. The format, content and number of certificates needed should be internationally harmonized. Where they already exist, internationally agreed certificate formats should be used;
- Sanitary and Phytosanitary standards, as well as methods of analysis should be based on international standards such as those developed by the Codex Alimentarius or other international organizations, as required by the SPS Agreement; technical standards should be based on international standards where they are existing, as required by the TBT Agreement;
- A single authority should be established in the territory of each WTO Member, competent to administer sanitary and technical authorizations and the corresponding import permits;

- Members should apply the Harmonized Commodity Description and Coding System;
- On Customs Valuation, exporters should be given the possibility to certify values on a periodic basis. Post-importation audits are a more efficient method for customs services to verify dutiable values. Traders should be allowed to report their duties according to principles similar to tax declarations;
- The WTO Customs Valuation Agreement is lacking coherent application in numerous countries. Arbitrary valuation measures and uplifts are still widespread.

F. Suggestions for a Future WTO Role

9. Speakers suggested that the WTO

- takes on a coordinating role in future trade facilitation efforts;
- takes a leading role in rationalizing the international regulatory framework by putting trade facilitation on its work programme and committing itself to cutting business and consumer costs and removing barriers in the trade process - an area not covered by current WTO rules;
- considers establishing a Working Group on customs modernization, harmonization and simplification. The Working Group should analyze the impact of customs barriers on WTO commitments, seek ways to improve customs transparency as outlined in Article X of the GATT, and promote efforts to develop and implement initiatives to simplify and harmonize trade procedures using APEC as a benchmark for other regions to follow;
- should integrate existing standards and recommendations on aligned documents, customs and other procedures into a comprehensive, binding and enforceable WTO agreement, involving international trade bodies, businesses and governments in formulating new global rules;
- supports the revision of the Kyoto Convention. After the revision is concluded, WTO Members should adopt the Convention. The WTO should oversee and ensure enforceability of the new Kyoto Convention;
- supports the G-7 process of harmonizing data elements for international trade;
- publishes reports on different aspects concerning trade and commerce, including the dissemination of case studies of good practices and effective facilitation measures in various countries;
- establishes a data base, defining customs requirements of WTO Members;
- establishes valid parameters for the concept of "authorized trader";
- registers product standards or definitions for international trade;
- amends its Agreements with trade facilitation provisions;
- becomes the forum for agreement on a single international method to ensure the legal validity and security of electronically exchanged payment messages, possibly based on the BOLERO model;



- calls upon the technical expertise of CEFACT when standards or procedural solutions need to be devised to overcome imperfections in the trading process;
  - endorses CEFACT Recommendations and embeds them in WTO Agreements;
  - increases prominence of trade facilitation in its Trade Policy Reviews and includes CEFACT recommendations in the scope of its analysis;
  - encourages government to address payments, tax liability, and legal issues related to Electronic Commerce, in a multilateral environment.
-