

COUNCIL FOR TRADE IN GOODS

CHAIRMAN'S PROGRESS REPORT (2000) ON TRADE FACILITATION

1. Introduction

Paragraph 21 of the Singapore Ministerial Declaration (WT/MIN/(96)/DEC) directs the Council for Trade in Goods

"to undertake exploratory and analytical work, drawing on the work of other relevant organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area."

In continuation of its work on trade facilitation,¹ the Council for Trade in Goods held three informal meetings (on 7 June, 13 July, and 26 October) in 2000.

Members invited the Secretariats of the International Maritime Organization (IMO), the International Trade Centre (ITC), the UN Economic Commission for Europe (UN/ECE), the United Nations Conference on Trade and Development (UNCTAD), and the World Customs Organization (WCO) to attend the informal meetings.

A total of sixteen written contributions by Members, and one by an observer were received in 2000. In addition, the WTO Secretariat updated its background note on work carried out in other international organizations (G/C/W/80/Rev.1). A summary table of all contributions is contained in the Annex to this document.

2. National Experiences by Members

Several WTO Members shared their national trade facilitation experiences at the informal meetings of the Council for Trade in Goods. These presentations carry a number of common themes: one theme is that trade facilitation measures are taken by administrations in response to real world problems such as challenges arising from increasing trade volumes, stagnant administrative budgets, and greater facilitation demands from the private sector. Second, the experiences highlight that simplified official requirements are an important precondition for the application of information technology. The use of information technology, in turn, is instrumental for the time savings and efficiency improvements in the customs clearance process which Members reported. A third important theme is that simplified procedures and enhanced transparency benefit in particular small and medium-sized enterprises (SMEs).

Another observation that is common to the various national experiences is that administrations from all regions are increasingly making efforts to foster a cooperative relationship

¹ For an overview of work carried out between 1997 – 1999, see: Status Report of the Council for Trade in Goods, G/L/333.

between government and the trade community, be it by making import and export requirements and other relevant information available in easily accessible ways (for example, on the Internet), through customer liaison groups, advance rulings, green channels for compliant traders, or other measures.

One contribution analyzed various difficulties affecting land-locked developing countries, including issues such as access to and from the sea, and freedom of transit. This contribution suggested that further study of trade facilitation should cover transit issues more extensively. Delegations agreed to add a specific item on transit procedures and related problems of landlocked countries to the agenda of future meetings.

3. Trade Facilitation Principles and Measures

Members elaborated on the significance of certain trade facilitation measures and best practices, and their relationship with certain fundamental WTO principles embodied in the legal framework of the WTO, e.g. in GATT Articles VIII and X. The principles of transparency and simplification were recurring themes present in all national experience papers.

The importance of measures to enhance transparency and predictability was emphasized by all delegations. GATT Article X requires Members to publish all laws, regulations, judicial decisions and administrative rulings of general application related to import and export in such a manner as to enable governments and traders to become acquainted with them. However, transparency problems were still seen to create delays and additional compliance costs for traders, and to allow discretionary practices to flourish. Arbitrary or sudden changes in practices were identified as a cause of frequent disruption. Proposed measures to improve access to information and achieve greater awareness, clarity and predictability with regard to the requirements and procedures relevant to international trade include: (i) publication and making easily accessible all rules, regulations and administrative guidelines relating to official trade procedures and requirements; (ii) advance rulings on tariff classification and other forms of customs treatment, (iii) prior publication of new and amended procedures, (iv) establishment of enquiry points where all information on trade procedures was available.

Likewise, the principle of simplification was highlighted by all delegations. A number of measures proposed relating to this principle were also brought up under the headings such as efficiency, least-trade restrictiveness, intervention by exception, or coordination. Some measures suggested under these headings relate to: (i) reduction of import, export and customs procedures to the absolute minimum, providing a balance between facilitation and enforcement, (ii) introduction of modern and flexible customs control systems based on risk-assessment techniques, and allowing for post-clearance customs control, pre-arrival processing, and the granting of premium procedures or fast-track facilities for authorised traders, (iii) adaptation of requirements and formalities to existing international standards and instruments, (iv) concentration of official controls in the hands of one agency, (v) a “single window” for the submission of required information, (vi) equal recognition of current national standards in cases where international standards are lacking.

Other principles mentioned during the informal meetings were the concepts of proportionality, non-discrimination, integrity, and consultation.

4. Development and Capacity Building Aspects of Trade Facilitation

Delegations underscored that capacity building and technical assistance are not only of fundamental importance to implement trade facilitation measures, but that principles underlying the multilateral trading system mandate positive efforts in favour of developing countries. While it was acknowledged that technical assistance was presently provided both bilaterally and through regional or multilateral programmes, it was noted that efforts of intergovernmental agencies, donor and

recipient governments were not sufficiently coordinated, hence leaving gaps in some areas and overlapping in others. As a result, the limited resources available were not put to their best use. Existing assistance programmes often addressed only specific aspects of trade facilitation; however, as trade procedures were interconnected, it was important to develop holistic programmes covering the entire set of interdependent tools and procedures relating to different stages of the trade transaction. Moreover, while many agencies and donors worked on trade facilitation, there were no common benchmarks to which efforts could be targeted.

Some delegations expressed the view that experience with the implementation of some WTO agreements suggested that assistance should not be a mere afterthought to WTO disciplines, but should in the future be designed before negotiations were concluded. Experience with other organizations' technical assistance efforts further suggested that longer term maintenance and regular follow-up were important to permanently root improvements that were achieved.

It was pointed out by several delegations that the private sector could be instrumental in assisting with the implementation of trade facilitation measures.

ANNEX

Overview of written contributions on Trade Facilitation circulated in 2000

<i>Symbol</i>	<i>Member / Other Source</i>	<i>Date</i>	<i>Title and Topic</i>
G/C/W/211	European Communities	6 June 2000	Basic GATT/WTO principles as applied to trade facilitation
G/C/W/212	Korea	6 June 2000	Korea's recent efforts to streamline the customs clearance system
G/C/W/214	Canada/United States	9 June 2000	Proposal for a CTG work method on trade facilitation
G/C/W/215	Japan	9 June 2000	Proposal for future work on trade facilitation
G/C/W/221	Norway	18 July 2000	Norway's experience on trade facilitation – Electronic customs procedures
G/C/W/80/Rev.1	WTO Secretariat	22 September 2000	Background Note by the Secretariat on work carried out by intergovernmental organizations
G/C/W/230	UNCTAD Secretariat	17 October 2000	Transit problems for landlocked developing countries
G/C/W/231	Hong Kong, China	19 October 2000	Import and export procedures and requirements, and facilitation measures
G/C/W/232	Maldives	20 October 2000	Recent trade facilitation measures taken by the Maldives' Customs Service
G/C/W/233	Australia	23 October 2000	Australia's experience with customs facilitation
G/C/W/234	Switzerland	23 October 2000	Simplifying customs procedures and cutting red tape for SME's
G/C/W/235	European Communities	24 October 2000	Technical assistance and capacity building in relation to trade facilitation
G/C/W/236	Japan	24 October 2000	Trade facilitation and customs procedures
G/C/W/237	Paraguay	25 October 2000	Presentation concerning landlocked countries
G/C/W/238	Canada	31 October 2000	Canada's national experience
G/C/W/239	Chile	31 October 2000	Chile's experience with the modernization of customs administration under use of information technology
G/C/W/240	Costa Rica	31 October 2000	Costa Rica's position on trade facilitation
G/C/W/221/Add.1	Norway	31 October 2000	Norway's experience on trade facilitation – Electronic customs procedures; Addendum