

# WORLD TRADE ORGANIZATION

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**Council for Trade in Goods**  
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## TRADE FACILITATION

### Background Note by the Secretariat

- (i) Ministers in Singapore directed the Council for Trade in Goods (CTG) "to undertake exploratory and analytical work, drawing on the work of other relevant international organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area" (WT/MIN(96)/DEC).
- (ii) At its meeting of 27 January 1997, the CTG requested the Secretariat to compile information in respect of work already done or being done on the subject of trade facilitation in other international organizations, including non-governmental organizations by May 1997. As a first step in this compilation, the CTG requested that the Secretariat provide an overview of the trade facilitation activities undertaken by these organisations (G/C/M/17). In compliance with this request, the Secretariat produced a brief Background Note for the CTG meeting of 26 March 1997 (G/C/W/70).
- (iii) The present Background Note is structured as follows: Section A addresses the work of international inter-governmental organizations. Section B covers work undertaken by international non-governmental organizations. Section C gives a short overview of trade facilitation related work carried out by regional organizations and free trade agreements and customs unions. Section D gives a short account of other initiatives and activities on this subject and Annex E contains a non-exhaustive list of WTO provisions related to trade procedures.
- (iv) The Note covers a large number of organizations and a wide range of issues related to commercial activity. In line with the mandate given by the CTG, the Secretariat has attempted to draw a broad picture of the activities of other organizations. The main text seeks to provide a concise overview of this work, covering the main aspects related to the "simplification of trade procedures". More detailed information on the work of some organizations is contained in the Annexes.
- (v) This document is submitted to the CTG with the acknowledgement that other activities and initiatives related to trade facilitation may exist; any omission of such activities or initiatives in no way connotes any meaning by the Secretariat. The information presented is based on the Secretariat's best efforts, given the time and information available.

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## A. INTERNATIONAL INTER-GOVERNMENTAL ORGANIZATIONS

### I. United Nations Economic Commission for Europe (ECE)

#### *Background*

1. Work on trade facilitation activities began in the ECE in 1960, following a 1959 initiative from the Nordic countries, when it was decided to set up a Group of Experts to explore ways in which export documents could be simplified and standardized. In 1971, the trade facilitation work was reorganized into the newly established Working Party on the Facilitation of International Trade Procedures, also referred to as Working Party 4 or WP.4. Its activities were concentrated in two areas, each carried out in a group of experts (GE.1 and GE.2):

"the analysis of trade 'formalities' and procedures as embodied in information requirements (whether legal, administrative, commercial or operational) of participants in international trade; and

the development of improved transmission methods (computerized processing and tele-transmission) for trade information which could replace traditional paper documents".

Participants included representatives from the ECE Member governments, representatives from national trade facilitation bodies, major international organizations as well as countries not members of the ECE. Member countries of the United Nations not members of the UN/ECE were entitled to participate in the work of WP.4 under Article 11 of the ECE Terms of Reference.

2. The majority of international and inter-governmental organizations which are active in trade facilitation, work on the basis of, and towards the implementation of ECE standards. The work of the two expert groups has been oriented towards the following trade facilitation objectives:

- "seeking improvements in trade procedures in order to assist governments and trade participants to be more efficient and effective while also minimizing delays and costs...thus reducing 'artificial' barriers to increased participation in world trade;
- reducing the cost of the paperwork used in trade by seeking, in cooperation with the interests and authorities involved, the reduction, simplification and international harmonization of the information and documents required for foreign trade...;
- standardizing the formats (whether electronic or paper) used in transaction information flows for administration, commerce and transport at an international level...;
- ensuring that the information flows related to the distribution of goods and services facilitate and do not impede national industrial development or growth in external trade...".

3. In February 1997, WP.4 was reorganized into the Centre for Facilitation of Procedures and Practices for Administration, Commerce and Transport (CEFACT) by a Decision of the Committee on the Development of Trade at its 45th session. CEFACT has reorganized the work of the WP.4 in order to streamline decision-making, leverage collaborative efforts and delegate technical decision to field experts. It works through informal technical groups; allows the full participation of non-ECE countries, interested international organizations and recognized NGOs within its meetings and management structure; and makes use of focal points in interested UN regional commissions and an inter-secretariat task force of the ECE, UNCTAD and the ITC. CEFACT also cooperates with private business and other intergovernmental organizations which participate directly in its work.

4. One of the first outcomes of the WP.4 are the 26 UN/ECE Trade Facilitation Recommendations, developed over the course of the past 37 years.<sup>1</sup> Several of these recommendations have been adopted by the International Standards Organization (ISO) as ISO international standards (see under ISO below). The first Recommendation was the United Nations Layout Key essentially establishes a set of rules on how national trade documents should be formulated. Before its implementation, the information on the numerous documents needed for trade was scattered in different places on different forms without any uniform system. Implementation, which intensified in the 1970's, saw the forms printed on the same size paper with common items of information occupying the same relative position on each form. In the area of Trade Procedures, the Recommendation 18 "Facilitation measures related to international trade procedures" is to be noted. It covers, *inter alia*, some aspects of customs procedures and pre-shipment inspection. The ECE is currently reviewing and updating this recommendation.

5. Information accumulation during the lifetime of a trade transaction may take place in a series of documents or in an electronic record. Paper documents are the basis for information exchange between humans while electronic records are the basis for exchange of information between computers. The latter concept is at the origin of Electronic Data Interchange or EDI. Whatever the form, paper or electronic data, the issue is the exchange and temporal flow of information and trade facilitation is concerned with studying ways and means of expediting the flows by simplifying related procedures.

6. As a result of the work on the UN Layout Key, the importance of structured trade and business data was recognized. This resulted in the development of standardized codes and data elements for use in both paper and electronic based information exchange. These standards are compiled in a set of three volumes called the UN Trade Data Element Directory (UNTDDED), as well as in some Recommendations. Volume I contains definitions 1000 data elements including UN/EDIFACT; Volume II contains standardized codes to be used with the data elements; Volume III contains the 26 ECE recommendations. Volume I, the data elements, is an ISO standard (ISO 7372) which is jointly maintained by the ECE and the ISO central secretariat.

#### *Electronic Data Interchange (EDI)*

7. The use of computers to carry out buying and selling between individuals, individuals and companies, and companies and companies, known as electronic commerce, has contributed significantly to facilitating international commerce because it is reducing the amount of paperwork that is related to doing business. This can be done through the Internet, the World Wide Web, E-mail and Electronic Data Interchange (EDI). EDI can be defined as the "structured exchange of data between applications in different companies". A structured message is formatted according to a predefined arrangement of putting the information into a file. On paper, this would be a "form". In EDI, the format used in general is called UN/EDIFACT or the United Nations Electronic Data Interchange for Administration, Commerce and Transport.

8. UN/EDIFACT is an international standard for the formatting and sequencing of data for EDI. It was developed through the work of WP.4 in the area of EDI to develop an international standard to replace the two national standards which had emerged in the United States and in Europe and which were creating difficulties for international trade. The UN/EDIFACT is "a set of standards, directories and guidelines for the electronic interchange of structured data, in particular related to trade in goods or services, between independent computerized systems in different organisations, irrespective of the type of computer or software used". In other words, EDI should take the place of the paper exchange of business documents.

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<sup>1</sup>A complete list of these recommendations and standards is contained in Annex I of the document.

9. EDI, and UN/EDIFACT, can be classified as one of the cornerstones of Electronic Commerce. Within the work programme of CEFACT there are activities for the review, monitoring and evaluation of on-going developments in the information technology area in order to incorporate appropriate new technologies, such as those related to Electronic Commerce, into its work. Recommendation 25 encourages the use of UN/EDIFACT by governments in their administrations and in their EDI communications with the private sector, and will be considered by the UN Economic and Social Council for adoption as a UN Recommendation in July 1997. A description of the technical aspects of EDI and UN/EDIFACT is included as Annex II of this paper.

#### *Other work of the ECE*

10. Another area of work within the WP.4 relates to legal issues arising from trade facilitation initiatives. The removal of legal impediments is a key requirement to enable global trade to develop and be facilitated. In carrying out its legal work programme, CEFACT liaises with other organizations, particularly the UN Commission on International Trade Law (UNCITRAL) and the International Chamber of Commerce (ICC).

#### *International Trade Transaction Modelling*

11. Since 1994, the ECE through WP.4 and now CEFACT has been working on the modelling of a generic trade transaction system which would provide the template for national models. The main objective of this work is to provide a framework and discipline for all relevant future CEFACT activities with appropriate liaison with outside agencies. The work is being carried out through a Maintenance Agency with the mandate to "...undertake the modelling of the international trade transaction, as a whole, taking into consideration all aspects of modern data modelling techniques with a view to produce, on the basis of this model or its components, all necessary information for management in the field of trade facilitation, and to make proposals as appropriate". The ECE Secretariat steers the Maintenance Agency through regular meetings and through active interfacing.

12. The dynamic modelling will consist of:

- the overall dynamic behaviour seen from a global point of view (business process);
- the dynamic behaviour within a limited logical part (stage) of the trade transaction;
- the detailed dynamic behaviour in local steps (processes/tasks) of the trade transaction.

13. One of the main objectives of this activity is to enable the future possibility of using EDIFACT to expedite and facilitate transactions at all levels. Therefore, the dynamic modelling takes into account the rules and guidelines set up by the Business and Information Modelling (BIM) group in the UN/EDIFACT Joint Rapporteurs Team (JRT). To enable the use of electronic messages, it is necessary to create the model as detailed as possible in specific areas (transport of goods, payments, etc.) and to identify message functions, sequence, business rules and constraints that apply to each business area. These business data attributes and relationships, defined in scenarios of EDI supported activities, would be mapped to EDIFACT structures as specified by the EDIFACT syntax.

## II. United Nations Commission for Trade and Development (UNCTAD)

### *Background*

14. UNCTAD became involved in trade facilitation work in 1970 when it was agreed, within the ECE context, on the need for facilitation work to be coordinated on a global basis and for the existing technical functions of the United Nations to be strengthened in this area. The regional economic commissions agreed that the United Nations Development Program (UNDP) provided an appropriate

framework for an interregional project to be attached to UNCTAD. As the work expanded, it became necessary to separate the UNDP-financed technical assistance activities and the substantive UNCTAD secretariat work. In 1973, UNCTAD and the ECE agreed that UNCTAD would provide secretariat technical expertise on a global basis. In 1975, a separate secretariat unit was established called the Special Programme on Trade Facilitation (FALPRO).

15. FALPRO (which was subsequently been absorbed by the Special Programme on Trade Efficiency - see below) did not report to any of the bodies within UNCTAD's permanent organization structure and was not part of UNCTAD's policy or negotiation work. Its attachment with UNCTAD enabled it to work globally with the regional economic commissions, particularly the UN/ECE, and with the International Trade Centre (ITC). The original terms of reference of FALPRO essentially were aimed at ensuring the full participation of developing countries in the international trade facilitation work and in dealing with facilitation matters cross-sectorally with other UNCTAD programmes such as the commodity agreements; generalized system of preferences; transport work; harmonization of customs procedures, etc. The means to achieve this were to create representative national facilitation bodies and to arrange training of officials from the countries concerned in order to enable them to carry out trade facilitation work in their own countries and to participate in international meetings.

16. In 1992, at the UNCTAD VIII Cartagena Conference<sup>2</sup>, it was agreed that an Expert Working Group on Trade Efficiency be established within UNCTAD. While taking due account of work done in other international organizations, the Group "would seek to support, accelerate and enhance these initiatives... The Group would produce guidelines needed to take concrete steps towards trade efficiency at the national and international levels, especially in developing countries... The culmination of the work of the group would be an international symposium on trade efficiency, which was to be held in 1994".<sup>3</sup> The symposium was to reinforce international discussion on the promotion of harmonized national and regional infrastructures for trade and trade efficiency. At the Secretarial level, UNCTAD's work in the context of the inter-secretarial FALPRO was incorporated into the Special Programme for Trade Efficiency (SPTE). In the 1996 reorganization of UNCTAD, SPTE was transformed into the Division of Services Infrastructure for Development and Trade Efficiency (SITE) and trade facilitation activities fall under its Trade Facilitation Section. The objective of the SITE is to simplify and harmonize trade procedures worldwide and give governments and traders access to advanced technologies and information networks. The SPTE carries out a wide variety of activities which are described below.

#### *United Nations Symposium on Trade Efficiency*

17. The United Nations International Symposium on Trade Efficiency was held, at Ministerial level, in Columbus, Ohio, in October 1994. The Columbus Ministerial Declaration on Trade Efficiency contains the substantive outcome of the Symposium. The Symposium noted the signing of the Final Act of the Uruguay Round in Marrakesh as "the successful conclusion of years of negotiations on the macro-economic framework required for the emergence of an open, predictable, secure and non-discriminatory trading system. However, efforts made to secure an open trade environment will not bear their full benefits unless the enterprises of all nations can import and export efficiently... [delegates] have gathered to find solutions to these micro-economic issues of international trade".<sup>4</sup>

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<sup>2</sup>UNCTAD VIII, held at Cartagena de Indias, Colombia, February 1992.

<sup>3</sup>"The Cartagena Commitment", UNCTAD VIII, February 1992.

<sup>4</sup>"Columbus Ministerial Declaration on Trade Efficiency", Report of the United Nations International Symposium on Trade Efficiency, TD/SYMP.TE/6, November 1994, para. 2.

18. The Symposium concluded that "adoption of trade efficiency measures can significantly lower the costs of trade transactions. Estimates place the costs of trade transactions at 7 to 10 per cent of the total value of world trade". The Columbus Ministerial Declaration put forth a set of practical actions, recommendations and guidelines for Governments, international and national organizations and enterprises. They address six areas which were considered ripe for tangible results for international trade: customs, transport, banking and insurance, information for trade, business practices, and telecommunications. UNCTAD's role, as agreed at the Symposium, was to act as the focal point in the implementation of the Declaration, which would require coordinated efforts by many national and international bodies, particularly the United Nations. In particular, the Symposium called for "coordination with the GATT/WTO and all United Nations regional economic commissions...[as] of particular importance in facilitation of trade".

19. Of particular interest for WTO Members, the Declaration called for, in the area of customs, "Governments, through their Customs authorities, to simplify procedures for determining customs value, which can cause significant delays in the clearance of import consignments, through the use of the Customs valuation method prescribed in the GATT Agreement, as administered by the Customs Cooperation Council, which is administratively less complex than other methods currently in use in some countries...". In addition, the Declaration called for Governments to "avoid as far as possible the use of pre-shipment inspection agencies to carry out customs-related activities. While recourse to such services might be a necessity in certain circumstances, it should be regarded as an interim measure and conducted in conformity with the provisions of the Agreement on Preshipment Inspection annexed to the Marrakesh Agreement...".

#### *Trade Point Programme*

20. The Ministerial Declaration also initiated the launching of UNCTAD's Trade Point Global Network. At present, UNCTAD has assisted in the establishment of 40 operational "Trade Points", and is assisting in the establishment of 140 others, for a total presence in 109 countries, through its Trade Point Technical Cooperation Programme. Trade Points are national centres for trade facilitation, where participants in foreign trade transactions (e.g. customs, foreign trade institutes, Chambers of Commerce, freight forwarders, transport companies, banks, insurance companies) are grouped together physically or electronically to provide all required services for trade transactions. They are a source of trade-related information which provides actual and potential traders with data about business and market opportunities, potential clients and suppliers, trade regulations and requirements, etc. Their primary objectives are to enhance the participation of developing countries and economies in transition in international trade, with special emphasis on small- and medium- sized enterprises; to reduce transaction costs and promote better trade practices including through the use of information technologies and EDI; and to allow better access for traders to trade-relation information and global networks.

21. The Trade Point Global Network, launched at the Columbus Symposium, assembled the Points together into a worldwide electronic network which facilitates communications across borders, provides easy access to international databases and opens doors to electronic trade. The Ministerial Declaration contained specific recommendations for the Trade Points as well as for traders, providers of international trade, transport, maritime, financial and communications services. Implementation of the recommendations that emerged from the Symposium is among the priorities of UNCTAD's current work in trade facilitation.

#### *Other UNCTAD work*

22. As concerns technical assistance under the SITE, most important is the UNCTAD Growth Package which has as its main component the ASYCUDA customs software program, the largest technical assistance project in UNCTAD. It consists of a series of efficiency measures combining door-to-door



logistics, trade facilitation, and customs simplification and automation. The core of the program is a computer software program which, since 1985, has been installed in over 70 developing and transitional economies in the world. It is designed to streamline and reduce customs forms and procedures and is based on and incorporates ECE and WCO recommendations and standards, including those related to the Document Layout Key, codes and other standards. The basic idea is to rid the customs system of outdated procedures, practices and incorporate international practices and standards in order to increase the country's customs revenue through reduced costs and faster clearance. The first program was developed by UNCTAD in 1983 on micro computers. Since then, the program has been updated and revised numerous times to improve capacity and performance. The software can be adjusted to each country's customs valuation methodology and translated into its official language.

23. The transport sector has received the most attention of all sectors of economic activity in UNCTAD's trade facilitation work. UNCTAD implements, through the UNCTAD Growth Package, the concept of National Trade and Transport Facilitation Committees (NTTFC). These committees bring together representatives of all public and private parties concerned with international trade and transport facilitation in a country, i.e. governmental entities, services providers, and transport users. Established as a consultative body, an NTTFC serves as a national forum to establish formalities, procedures and documentation used in international transport and trade; its mandate is to prepare recommendations and advise on domestic and foreign policy matters related to the development of trade and transport through proposals to the institutions concerned and to the executive branch of the government. UNCTAD and the Latin American Association for Integration (ALADI) have signed a Memorandum of Understanding to promote jointly the creation of NTTFCs in Latin America. In a particular sub-region these committees can serve as focal points to monitor and coordinate regional actions on trade facilitation.

24. Other activities in the transport area have concentrated on the increasingly multimodal transport operations of transport services, on the use of different terms of shipment (e.g. cif, fob) with special emphasis on shipping and ports. The latter work is often coordinated with the International Maritime Organization, which concentrates on technical and safety problems in shipping and ports. The technical assistance focuses on advice, management assistance and training with regard to economics and management of shipping, and shipping companies, including corporate planning and fleet operation. It provides advice on freight rates and conference practices, on the implementation of conventions negotiated under UNCTAD, particularly the Convention on a Code of Conduct for Liner Conferences; and on maritime administration and maritime law. With regard to ports, UNCTAD's assistance has concentrated on the economic and commercial aspects. This includes port operations, administration and organization, including legislation and regulations, financial management, cost control and information systems.

25. Finally, UNCTAD has developed and is installing a transport management tool called the Advance Cargo Information System, or ACIS. The objective is to counter the high cost of transportation resulting from extended door-to-door transit times. ACIS is a set of computer applications designed to produce management information to address multimodal cargo transit and transport problems. ACIS has four components, each tracking cargo on a mode or interface: port, road, rail and lake. They in turn have main modules performing different, but inter-related functions, especially with regard to statistics and performance indicators. ACIS provides improved information to help control the operations of individual transport operators and facilitate rational corporate planning. It is also a database facility available to parties registered as having an interest in a consignment and its transportation, providing them with the latest reported location and status of goods and transport equipment. As a long term record of transport movement data, it permits governments and institutions to analyze national, sub-regional and regional problems and investigate alternative investment opportunities in the transport sector.

### III. World Customs Organization (WCO)

#### *Background*

26. The World Customs Organization was founded in 1953 as the Customs Cooperation Council (CCC). Established originally by 13 European countries, its membership has expanded to 142 members. All aspects of the WCO's work relate closely to questions of trade facilitation. WCO's mission is to enhance the efficiency of customs administrations in the areas of compliance with trade regulations, protection of society and revenue collection. WCO's main activities include:

- examination of the technical aspects of customs systems, as well as the related economic factors, and promotion of communication and co-operation among Members and with other international organizations;
- fostering of human resource development and of improvements in the management and working methods of customs administrations and the sharing of best practices;
- preparation of draft conventions and other legal instruments for the harmonization and uniform application of simplified and effective customs systems and procedures governing the cross-border movement of commodities;
- making recommendations to ensure the uniform interpretation and application of conventions;
- making recommendations for the settlement of disputes concerning the interpretation or application of the conventions;
- furnishing interested governments with information or advice on customs matters;
- promoting co-operation between customs administrations and between customs administration and the trading community to improve communication and facilitation.

27. While not all the aspects of the WCO's work programme can be depicted here, the various legal instruments established and maintained under its auspices are introduced below. Due to the vast amount of material, not all conventions can receive detailed treatment. However, the Kyoto Convention, as the key convention covering customs procedures, and the Istanbul Convention on temporary admission, are described in more detail.

#### *International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention)*

28. The Kyoto Convention, agreed in May 1973, consists of two parts. The first is comprised of 19 Articles setting out the general provisions essential for the implementation of the instrument. The second consists of 31 Annexes (26 of which have entered into force), each devoted to a specific customs procedure.<sup>5</sup> An Annex enters into force when five Contracting Parties have accepted it. Each Annex consists of a set of definitions clarifying the main customs terms used and the rules governing the implementation of the procedure concerned. These provisions take the form either of *Standards*, whose general application and incorporation in national legislation are considered essential for harmonization and simplification, or the form of *Recommended Practices*, which are provisions recognized as constituting progress towards the harmonization and simplification of customs procedures, and whose application is considered to be desirable. Both categories of provisions may be accompanied by *Notes*, intended to indicate ways in which the relevant Standard or Recommended Practice might be applied.

29. The Kyoto Convention is open for accession by any State, and by Customs or Economic Unions. Presently, the Kyoto Convention has 59 Contracting Parties. The 31 Annexes are the real instruments

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<sup>5</sup>The term "Customs procedure" in this context is not used in the narrow sense of the treatment assigned to imported goods; it covers all provisions relating to a particular sphere of Customs activity

of harmonization of customs procedures, since they contain the principles intended to be incorporated in national legislation. At the time of accession to the Convention, a State has to accept at least one Annex. Subsequently, each of the remaining Annexes can be accepted individually. For the purposes of the rights and obligations of a Contracting Party each of the Annexes it has accepted together with the body of the Convention constitutes a single legal instrument. Countries may select Annexes if they want to limit their obligations to those particular sections of their legislation which they wish to modernize or to align with international practice.

30. Contracting Parties which are not yet in a position to implement a particular provision of an Annex can enter a reservation in respect of that provision, indicating the differences between the provisions of their national legislation and those of the Standard or Recommended Practice concerned. Disputes regarding the interpretation or application shall be settled through negotiations. Any party may refer a dispute to the Permanent Technical Committee of the WCO which will make recommendations on the settlement of the dispute.

31. The Annexes to the Kyoto Convention, A through K, are listed below. More detail is contained in Annex III of this report.

Annex A:	Formalities Prior to the Lodgement of the Goods Declaration
Annex B:	Clearance of Goods for Home Use
Annex C:	Clearance of Goods at Exportation
Annex D:	Origin of Goods
Annex E:	Conditional Release Procedures and Processing Traffic
Annex F:	Special Customs Procedures
Annex G:	Relations Between Persons Engaged in International Trade and the Customs Administrations
Annex H:	Disputes and Offenses
Annex J:	Customs Applications of Computers

*Current revision of the Kyoto Convention*

32. A WCO Working Group started to revise the Kyoto Convention in 1995; the target for completion is 1999. The revision has become necessary due to the radical changes in trade, transport and administrative techniques, and the view that the Convention has not significantly contributed to the harmonization and simplification of customs procedures worldwide. One reason for this failure is the small number of contracting parties to the individual annexes. In addition, these parties have made a large number of reservations with regard to some important annexes, and few parties have committed to standards. The revised Convention will include modernizing provisions for electronic commerce, risk management, automation and audit-based controls and will have new implementation guidelines which should facilitate adoption of the modernized procedures. The revision process will examine how to make the provisions more binding on customs administrations than under the current system.

33. The structure of the Convention will also be revised to contain a "general" Annex and several specific Annexes. The general Annex will become an integral part of the Convention, and contain standards binding on all Contracting Parties of the new Convention. Reservations against these standards can not be entered. The general Annex will comprise several chapters, each addressing the main principles common to all customs procedures. Currently, ten different chapters are envisaged in the general annex: General Introduction; Definitions; Clearance Formalities; Customs Control; Application of Information Technology; Security; Repayment and Remission of Duties and Taxes; Appeals in Customs Matters; Relationship between Customs and Third Parties; Information, Decisions and Rulings supplied by Customs.

34. In order to reduce the number of specific annexes, the Working Group proposes to combine elements of the old Kyoto Convention Annexes into single Annexes of the new Convention. Drafting work on the vertical annexes is currently being carried out by individual countries, groups of countries or the WCO Secretariat. A question to be decided is how many specific annexes have to be accepted as a minimum by each Contracting Party. Proposals range from all annexes to only one. Another important decision needs to be taken regarding reservations. The present reservation system has resulted in a large number of reservations, without visible progress toward implementation of the standards set forth in the Convention. The Working Party is considering allowing no reservations against standards throughout the convention. The use of Recommended Practices will be maintained only in the specific Annexes to the new convention.

35. Recognizing that many countries will not be able to commit to a number of standards right away, the Working Party proposes a “dynamic” Convention which incorporates best customs practices. Therefore, some standards will be designed as “transitional standards” which, over time, would be upgraded to “standards” by the Management Committee of the Convention. The new Article 12bis of the Convention envisages time periods of different length for the implementation of “standards”, “transitional standards”, and “recommended practices”. Where these time frames are insufficient for individual administrations, the Management Committee may extend the implementation period upon request.

36. Also, each annex will be supplemented by extensive implementation guidelines which give examples and options of the best practices and which can be updated by the Management Committee of the Convention. To develop a progressively more binding convention, it has been proposed to transform appropriate guidelines into standards over time. The transitional arrangements from the original convention to the revised convention has yet to be considered in detail.

*Customs Convention on Temporary Admission (Istanbul Convention)*

37. The Istanbul Convention, which entered into force on 27 November 1993, combines in one legal instrument all existing agreements covering temporary admission of goods into one state or customs union from another, and creates a framework for accommodating future requirements. The Convention also provides for the continuing use of the ATA carnet (*carnet de passage en douane pour l'admission temporaire*) for temporary admission and broadens its application. It currently has 12 contracting parties, and another 21 signatories subject to ratification. It is open for accession by any state and customs or economic unions. Since it is expected that for some time not all those implementing the ATA and CPD (*carnet de passage en douane*) carnet scheme will be a Contracting Party to the Istanbul Convention, the WCO Council adopted a Recommendation inviting Contracting Parties to accept ATA and CPD carnet regardless of whether they are issued under the Istanbul Convention or other legal instruments.

38. The body of the Convention consists of 34 Articles representing the main principles and provisions essential for the uniform implementation of the instrument, such as scope, administration, accession and amendment procedures. The main provisions foresee that each Contracting Party may require presentation of a document and security for temporary admission; security shall not exceed the amount of import duties and taxes from which the goods are conditionally relieved. General minimum periods for re-exportation of six or twelve months have been specified annexes.

39. The Convention has 13 Annexes, of which Annex A (concerning temporary admission papers, ATA and CPD carnets) as well as at least one other Annex have to be accepted by each Contracting Party:

- Annex A: concerning temporary admission papers (ATA carnets and CPD carnets)
- Annex B.1: concerning goods for display or use at exhibitions, fairs, meetings or similar events

Annex B.2:	concerning professional equipment
Annex B.3:	concerning containers, pallets, packings, samples and other goods imported in connection with a commercial operation
Annex B.4:	concerning goods imported in connection with a manufacturing operation
Annex B.5:	concerning goods imported for educational, scientific or cultural purposes
Annex B.6:	concerning travellers' personal effects and goods imported for sports purposes
Annex B.7:	concerning tourist publicity material
Annex B.8:	concerning goods imported as frontier traffic
Annex B.9:	concerning goods imported for humanitarian purposes
Annex C:	concerning means of transport
Annex D:	concerning animals
Annex E:	concerning goods imported with partial relief from import duties and taxes.

To date, only Annexes A, B.1., B.2, B.5 and B.6. have entered into force. The other Annexes have not yet reached the minimum number of five signatories. Both the provisions of the body and the Annexes are accompanied by explanatory commentaries, which are designed to facilitate implementation of the provisions. More detailed information on the annexes of the Istanbul Convention can be found in Annex IV of this document.

40. Other instruments dealing exclusively or mainly with temporary admission which are contained in the relevant annexes to the Istanbul Convention will be terminated and replaced for those Contracting Parties who have accepted these annexes.

*International Convention on the Harmonized Commodity Description and Coding System*

41. The Harmonized Commodity Description and Coding System (Harmonized System) is an international product nomenclature in force since 1 January 1988. Its main application is for customs purposes such as classification and valuation, but also for the collection of trade statistics, rules of origin and for all kinds of transactions in international trade (transport, insurance etc.) The WTO schedules of almost all Members are based on the Harmonized System, which means that more than 95 per cent of world trade is covered by the Harmonized System. The Harmonized System groups product items in 96 chapters, 1,241 headings and more than 5,000 sub-headings. It provides a legal and logical structure for tariff classification. In order to keep the Harmonized System up to date and to take into account changes in technology and the development of new products, the Convention provides for periodic amendments. Two revisions have taken place (1992 and 1996) and a third set of amendments is to be introduced in 2002.

*International Convention on Mutual Administrative Assistance for the Prevention, Investigation and Repression of Customs Offenses (Nairobi Convention)*

42. In the face of increasingly widespread customs offenses concerning all countries, the WCO Council in 1974 felt the necessity to go beyond the development and promotion of bilateral and multilateral agreements, which were until then the standard instruments for customs cooperation. The Nairobi Convention was drawn up between 1974 and 1977 to combat customs fraud. It consists of a body and 11 Annexes, one of which has to be accepted at minimum by each Contracting Party. Acceptance with reservations is not permitted (Article 18). As a basic principle, "customs administrations shall afford each other mutual assistance with a view to preventing, investigating, and repressing customs offence". The Convention is based on the concept of reciprocity: a Contracting Party has an obligation to render assistance to another Contracting Party only in so far as both have accepted the same Annex. The Nairobi Convention has currently 34 Contracting Parties. All 11 Annexes are in force (each Annex enters into force after acceptance by at least two Contracting Parties) and are listed in Annex V of

this document. The Convention is administered by the WCO Council with assistance from the Enforcement Committee.

43. In 1996, the WCO updated its 1967 “Model Bilateral Agreement on Mutual Assistance for the Proper Application of Customs Law and for the Prevention, Investigation and Combatting of Customs Offenses”. The model agreement lays down and explains a number of provisions that should be considered when drawing up a bilateral agreement.

*Other Customs Conventions administered by the WCO*

44. The following Customs Conventions, details of which are in Annex VI<sup>6</sup>, were designed to solve certain specific customs problems:

- on the temporary importation of packing
- on the temporary importation of professional equipment
- concerning customs facilities for the importation of goods for display or use at exhibitions, fairs, meetings or similar events
- concerning welfare material for seafarers
- on the temporary importation of scientific equipment
- on temporary importation of pedagogic material
- on the ATA carnet or the temporary admission of goods (ATA Convention)
- on the international transit of goods (ITI Convention)
- on Containers, 1972<sup>7</sup>

*Other instruments and programmes*

45. The WCO has drawn up *Recommendations* which do not have a binding character. They are intended as tools for improvement of customs techniques by national customs administrations and “they are designed to be accepted by as many States as possible and cover facilities on which a large measure of agreement already exists and lay down precisely the scope of any facilities granted.” WCO Members indicate their acceptance of a recommendation, and have, in certain instances, accepted them with reservations. Recommendations have been issued in five areas, as laid out in Annex VII.

46. *International Customs Norms*, developed by the WCO, are designed to guide customs administrations in addressing certain specific customs issues. Each norm deals with a specific point of customs technique and sets out the fundamental principles to be incorporated in customs legislation or regulation. These norms will be reviewed and incorporated as appropriate in the guidelines of the revised Kyoto Convention. For a list of the existing norms, refer to Annex VIII.

47. The WCO has developed *Express Consignment Guidelines* to provide a tool for customs administrations to grant fast clearance while maintaining customs control with regard to express consignments. Guidelines are given on the scope of documentation necessary for clearance, on valuation, on conditional and unconditional clearance, and on the differentiation between high- and low-value consignments. The guidelines have no legal character or binding force. However, the revised Kyoto Convention is foreseen to include the principles of the Express Consignment Guidelines.

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<sup>6</sup>Other United Nations customs-related conventions are listed in Annex XV of this document.

<sup>7</sup> The Customs Convention on Containers, 1972 is a UN ECE Convention administered with technical input from the WCO

48. The WCO has issued three *Resolutions*. They concern the abolition of the passenger manifest in respect of passengers arriving or departing by air; customs facilities for tourists; and abolition of control of motor vehicle insurance at frontiers.

49. The *Arusha Declaration* (Declaration of the Customs Cooperation Council concerning integrity in customs, 1993) assigns top priority to the combat of corruption inside customs administrations. Key factors of every national integrity programme would be a clear and precise customs legislation; simple and consistent procedures based on the Kyoto Convention; automation; the establishment of mechanisms for internal control and diversification of tasks; an open relationship between customs and customs brokers, and sufficient remuneration of customs officers.

50. The *Customs Reform and Modernization Programme* is a technical assistance programme that addresses a customs administration as a whole and does not focus on the development of particular capabilities. Programmes in nine countries have been completed or are being conducted presently. The programme consists of four stages:

- 1) *entry stage*: for this initial stage a “customs orientation package for policy makers,” which explains the role of modern customs between revenue collection and control on the one hand and facilitation of commerce on the other;
- 2) *diagnostic study and planning stage*: this stage serves to develop a capacity in customs managers to perform a diagnosis of their customs administration and its environment;
- 3) *implementation stage*: falling mainly on the customs administration concerned, the WCO Secretariat assists with a range of support programmes on legislation, customs systems, processes, compliance, management techniques, human resource development, integrity, and/or automation.
- 4) *evaluation stage*: measurable changes in systems, policies, structures and procedures in the customs administration are recorded and evaluated.

#### IV. United Nations Commission on International Trade Law (UNCITRAL)

51. The United Nations Commission on International Trade Law (UNCITRAL) was established by the UN General Assembly in 1966. UNCITRAL’s objective is to help reduce or remove obstacles to the flow of trade caused by disparities in national laws governing international trade through furthering the progressive harmonization and unification of the law of international trade. The Commission has since become an important body of the United Nations system in the field of international trade law. It works mainly through the drafting of UN conventions and other legal instruments.

52. The Secretariat of UNCITRAL is the International Trade Law Branch of the United Nations Office of Legal Affairs, located in Vienna. In the areas of work relating to trade facilitation the Commission is dealing with the international sale of goods and related transactions; international transport of goods; international commercial arbitration and conciliation; international payments; and electronic commerce. The major results of that work are presented in Annex IX.

#### V. International Maritime Organization (IMO)

53. The International Maritime Organization, established by a Convention adopted under the auspices of the United Nations in Geneva on 17 March 1948, met for the first time in January 1959. It has currently 155 Member States. The IMO is a specialized agency of the United Nations responsible for improving the safety of international shipping, facilitation of international maritime traffic, prevention

of marine pollution from ships, and legal matters, including liability and compensation issues. The adoption of maritime legislation is still IMO's most important concern. Around 40 conventions and protocols have been adopted by the Organization and most of them have been amended on several occasions to ensure that they are kept up to date with changes taking place in world shipping. Since 1960, the IMO has been involved in the facilitation of international maritime traffic, load lines and the carriage of dangerous goods.

*Convention on Facilitation of International Maritime Traffic (FAL)*

54. The Convention on Facilitation of International Maritime Traffic was adopted by the IMO in 1965. It has currently 79 Contracting Parties. Its main objectives are to prevent unnecessary delays to ships, passengers and cargoes in maritime traffic, to aid cooperation between governments, and to secure the highest practicable degree of uniformity in formalities, documentary requirements and other procedures. The Convention has been amended several times. More details on the convention and its amendments are presented in Annex X.

55. Other relevant IMO Conventions related to trade facilitation are the following:

- International Convention on Load Lines (LL), 1966
- Special Trade Passenger Ships Agreement (STP), 1971
- International Regulations for Preventing Collisions at Sea (COLREG), 1972
- International Convention for Safe Containers (CSC), 1972
- Athens Convention relating to the Carriage of Passengers and their Luggage by Sea (PAL), 1974
- Convention on Limitation of Liability for Maritime Claims (LLMC), 1976
- International Convention on Tonnage Measurement of Ships (TONNAGE), 1969

VI. International Civil Aviation Organization (ICAO)

56. The International Civil Aviation Organization (ICAO) deals with the safety of aviation internationally. ICAO establishes Standards and Recommended Practices which aim at assuring that all facets of aviation are conducted safely and in a uniform manner by all participating States. One of ICAO's key objectives is the development of safe, regular, efficient and economical air transport. In this context, the term "facilitation" refers generally to procedures aimed at the improvement of passenger and cargo flows through airports. The main instrument ICAO is administering is the *Convention on International Civil Aviation, 1944* (as amended), designed to develop international civil aviation in a safe and orderly manner for efficient and economical operation of international transport.

57. Annex 9 of the Convention (10th Edition as of May 1997) deals with the facilitation of air traffic. Chapter 4 of the annex, entitled "Entry and Departure of Cargo and other Articles," includes standards and recommended practices designed to facilitate international movement of goods by air. ICAO develops and updates the standards and recommended practices to reflect technological progress as well as changes in political and commercial practices, most recently in 1996, to enter into force on 31 August 1997. The amended standards and recommended practices have the following objectives:

- air cargo transport shall not be treated less favourable as cargo transported by other means;
- encouragement of business, customs, and airport administrations to provide facilities based on UN/EDIFACT that allow for the submission of paperless cargo manifests; and
- the granting of facilities that allow for off-airport customs clearance, immediate release of shipments under bond, pre-arrival entry processing, clearance of express consignments, part-shipment releases, convergence of controls to one agency clearance.



ICAO is actively cooperating with the World Customs Organization to harmonize the provisions for air cargo facilitation with the objectives of the revision of the Kyoto Convention.

#### VII. Economic and Social Commission for Asia and the Pacific (ESCAP)

58. ESCAP has been working in a variety of areas to promote trade facilitation measures in the Asia and the Pacific region. Recognizing the importance of micro-level efficiencies to promote inter- and intra-regional trade, ESCAP has been actively promoting the use of electronic commerce and EDI in international trade in this region. In this activity, close collaboration has been maintained with other regional and international organizations, namely UN/ECE, the Asia EDIFACT Board and EAN International.<sup>8</sup> An ESCAP Network on Trade Facilitation was set up with a view to bringing together the national trade facilitation organs and national focal points established in the Asian and Pacific regions and to contribute to the development of trade facilitation issues. It is a mechanism by which the interests of ESCAP Member and Associate Member countries can be reflected in deciding the shape of new international trade information handling system and the development of trade facilitation techniques. It meets once a year to monitor activities that respond to the recommendations emanating from the meetings.

59. Also with the ECE, ESCAP has developed two training modules, "EDI - A Management Overview," and "EDI and UN/EDIFACT - A Technical Overview" which have been included in ECE and UNCTAD training activities. Further, ESCAP has access to the ECE Trade Facilitation Information Exchange (TraFIX) on the World Wide Web. TraFIX facilitates the integration of the work done on procedures and documentation to simplify international trade with the vast array of electronic commerce technologies and services. ESCAP is also working with the ECE on the International Trade Transaction Modelling.

60. ESCAP has been active in conducting a series of national level workshops on trade facilitation under a project called "Assistance in manpower development in the field of trade facilitation". ESCAP has also been working with the ECE in transitional economies through national workshops on the use and application of EDI in international trade. Trade facilitation issues have also figured prominently in another program with the ECE for the countries of Central Asia. Finally, ESCAP has been providing technical assistance through the regional advisory services to respond efficiently to the specific needs of the Member and Associate Member countries to enhance micro-level efficiencies and the benefits of international trade. Many Member and Associate Member countries have been undertaking programmes and projects to increase trade efficiency with extensive assistance of the ESCAP regional advisory services on trade facilitation. These include many least-developed, land-locked and island developing countries and disadvantaged economies in transition.

#### VIII. Organisation for Economic Cooperation and Development (OECD)

61. The OECD is not engaged in trade facilitation, *per se*, although some of its activities could contribute to trade facilitation objectives. A few studies have been prepared on regulatory reform and improving the efficiency of policies that affect market entry. With respect to electronic information exchange and commerce, the Working Party on Telecommunications and Information Services Policy is assessing the economic effects of changes in communications policies with a particular focus on international trade-related issues. Studies focus on interconnection and equal access to networks by

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<sup>8</sup>EAN International began as the non-profit international organization, the European Article Numbering Association, in 1977. In 1992, the organisation opened to other countries (currently 79) and became EAN International. Its aim is the development of a global, multi-sectorial standard for the identification of products, services and locations through article numbering and bar coding, with the objective of providing a common language for international trade. EAN International cooperates closely with its North American counterpart, the Uniform Code Council (UCC) in developing standards and achieving technical compatibility in a variety of activities.

competing operators; pricing strategies and competition in mobile telephony; policy frameworks and pricing for information infrastructures; and employment changes in the telecommunications industry. The Working Party is also examining the Internet with regard to pricing services as well as its potential impact as an alternative to conventional telephone networks.

62. The Committee for Information, Computer and Communications Policy has been working since 1993 on policy aspects related to computer technology for interactive communications. This work was given added impetus by the G7 Ministerial Conference on the Information Society in February 1995 which focused on the theme, Global Information Infrastructure - Global Information Society (GII-GIS). In May 1997, the Committee for Information, Computer and Communications Policy agreed on a statement of policy recommendations addressed to governments and international organisations suggesting policy directions to enable the private sector to take the lead in the development and implementation of the GII-GIS.

#### IX. The International Trade Centre (ITC)

63. The ITC provides technical assistance on the practical applications of standards and/or guidelines related to trade facilitation developed and maintained by the UN/ECE in conjunction with the ISO. ITC works with the private and public sectors primarily through trade support/promotion institutions with the principle aim of assisting small and medium sized enterprises to enter into international trade transactions.

#### X. The World Bank

64. The World Bank finances technical assistance projects and activities related to trade facilitation in a wide variety of regions which the Bank serves. One project related to customs reform was carried out in cooperation with the World Customs Organization. In addition, the International Economics Department has completed three studies on the costs, benefits, and best practices in applying information technology to further trade facilitation.

#### XI. The International Organization for Standardization (ISO)

65. With a mandate to develop and harmonize global standards to reduce inefficiencies in international commercial transaction, the activities of the International Organization for Standardization (ISO) can generally be viewed as furthering the objectives of trade facilitation in the variety of economic sectors affected by these standards. Activities specifically focused on trade facilitation involve working with the UN/ECE on developing standards and adopting certain UN/ECE standards as ISO standards and disseminating their wide use. For example, ISO adopted UN/ECE Recommendation No. 3 which contains country codes, as ISO 3166. It also worked with the UN/ECE on ISO 4217 which contains an alphabetic code for the representation of currencies. In addition, ISO is working with the UN/ECE and the International Electrotechnical Commission on an internationally agreed Basic Semantic Repository (BSR). This will provide an internationally agreed database for use by developers of soft-ware for a wide range of applications including EDI.

### **B. INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS**

#### I. International Air Transport Association (IATA)

66. The International Air Transport Association (IATA) represents and serves airline industries from approximately 135 countries and territories; Its members carry the majority of the world's scheduled international and domestic air traffic. IATA's work embraces virtually every aspect of the air transport industry including technical, operational, legal and security matters as well as facilitation

(streamlining procedures at airports), statistics and industry finance. Its objectives are to promote safe, reliable and quick air services for passenger traffic and cargo transport.

67. Facilitation, defined as efforts to reduce government regulations and procedures which impede movement of persons and goods over international boundaries is an area of prime concern for most of IATA's Members. Primarily focused on the actions of customs, immigration and agriculture inspection staffs at ports of entry around the world, the most important aspects of IATA's efforts occur through contact at higher government levels. It actively promotes the adoption of international standards for air cargo transportation among its Members, and represents Members' positions with regard to facilitation issues to airport authorities and customs administrations.

68. In the area of customs and trade co-operation, IATA participates in the joint efforts of the International Chamber of Commerce and the WCO to develop a "Customs Model". The intent of this work is to reduce barriers by first identifying and then building upon the best practices existing today. The resulting model could ultimately serve as a practical guide for customs organisations world-wide. IATA cooperates with UNCTAD and a number of relevant non-governmental transport organisations.

## II. International Chamber of Commerce (ICC)

69. The ICC is a focal point for trade facilitation activities among non-governmental organizations. Its membership extends to several thousand enterprises in more than 130 countries worldwide. It gathers, coordinates, and represents business views on all issues relating to trade and customs procedures, documentary requirements, regulatory reform, transport, electronic commerce and other subjects that influence the free flow of goods across borders. In 1996, the ICC identified customs modernization and reform as a key concern of the future and developed the *ICC International Customs Guidelines*, which form a comprehensive set of practices for those engaged in international trade and transport. The 60 Guidelines draw heavily on the Kyoto Convention and on the Columbus Declaration (For an overview of the guidelines, please refer to Annex XI). Since 1996, the ICC has a formal *Cooperation Agreement* with the WCO. It also participates in the UN/ECE Working Party on Trade Facilitation (WP.4) and promotes the ECE Recommendations among its members.

70. The ICC's work is generally carried out by several Commissions and Committees, each attending to one or several issues related to trade, business, investment or trade facilitation. On 1 January 1997, the *ICC Committee on Trade Regulation* was restructured and renamed as the *Committee on Customs and Trade Regulation* to denote the ICC's new emphasis on customs reform. Elements of this Committee's 1997 work programme include:

- promotion and awareness-building of the *ICC International Customs Guidelines* in other business organisations and governments;
- establishment of a dialogue on customs procedures with the WTO as a follow-up on the Singapore decision on Trade Facilitation;
- increased business-customs cooperation under the auspices of the ICC/WCO Cooperation Agreement to promote efficiency in customs control and facilitation;
- development of a range of practical uses for the ICC International Customs Guidelines as a basis for assessing customs efficiency and monitoring progress in implementation.

71. Other Commissions with a close link to trade facilitation are the *Commission on International Commercial Practices* which makes recommendations on evolution of commercial legal practice required

by modernisation of transport techniques and international agreements. The *Transport Commissions* provide fora for resolution of common problems involving safety and international regulation. The *Standing Committee on Extortion and Bribery* promotes the ICC's Rules of Conduct to Combat Extortion and Bribery in International Business transaction by encouraging cooperation between business and governments worldwide. Finally, the *Commission on Banking Techniques and Practices* sets self-regulatory standards for parties involved in trade finance.

72. The ICC promotes harmonized business practices among its members to smooth cross border trade. It has developed several business tools for use by the trade community, these are presented in Annex XII.

### III. International Chamber of Shipping (ICS)

73. The International Chamber of Shipping (ICS) is the trade association for the international shipping industry, dealing with the whole range of matters affecting shipping operations, safety and pollution prevention, maritime law and a number of trade issues. It has 37 members (predominately national shipowner associations) in 34 countries, representing more than half of the world's tonnage. It works on harmonization and simplification of commercial trade practices related to maritime transport and has developed the following instruments:

- 1972 Recommendations on the Format of Bills of Lading
- 1978 Recommendations on the format of Combined Transport Bills of Lading
- 1969 Recommendations on the layout and content of a ship's manifest

The UN aligned ICS Standard Bill of Lading is used worldwide as a model for the design of B/L forms. ICS has participated in the development of, and promotes, among others, the FAL Convention, UN/ECE Trade Facilitation Recommendations and EDIFACT Standards, the WCO Memorandum of Understanding Programme on the suppression of drug trafficking and the Kyoto Convention. It has consultative status with IMO, WCO, and ICC.

### IV. International Road Transport Union (IRU)

74. Road transport is the most important form of all land transport categories in terms of tonnage, mileage, passengers carried, and value of goods transported. The objective of the IRU is to promote national and international road transport and to safeguard the interests of professional road transport and transport. The IRU is the international forum and spokesman for national road transport organisations from 64 countries. It is the international guarantor of the TIR system (*Customs Convention on the International Transport of Goods Under Cover of TIR Carnets*), established in 1959 (renewed 1975) under the auspices of the United Nations Economic Commission for Europe. In cooperation with national organizations, it issues more than 600,000 TIR carnets per year. The IRU produces the annual "World Transport Data Report" and a twice-yearly "Selection of International Road Transport Documentation". For additional information on the IRU, refer to Annex XIII.

### V. International Federation of Freight Forwarders Associations (FIATA)

75. FIATA represents the interests of freight forwarding service industries from 145 countries. Its members are national freight forwarders associations. FIATA participates actively in the development of UN/EDIFACT standards and guidelines at UN ECE, the revision of the Kyoto Convention at the WCO, and the drafting of a new Warsaw Convention at the ICAO. It also cooperates actively with other intergovernmental organizations such as UNCTAD and IMO on the improvement of the quality forwarding services through harmonization of transport documents and development of standard conditions

of trading, etc. Since its foundation in 1926, FIATA has developed a number of trade facilitation documents. For details on these documents and other FIATA activities, consult Annex XIV.

### **C. REGIONAL ORGANIZATIONS AND FREE TRADE AREAS OR CUSTOMS UNION<sup>9</sup>**

76. The following paragraphs discuss those regional initiatives and activities for which the Secretariat was able to obtain information in the time available; the present submission does not mean to exclude the possible existence of other regional activities or initiatives.

#### **I. Asia-Pacific Economic Cooperation (APEC)**

77. A major programme to simplify and harmonize customs procedures in the Asia-Pacific region was launched in 1996 through the Osaka Action Agenda. All work is coordinated by the Sub-Committee on Customs Procedures (SCCP) and individual APEC Members. Collective actions to be taken by all APEC Members are highlighted below:

- Adopting or abiding by the principles of the Harmonized Commodity Description and Coding System (HS) by 1996: currently, all 18 APEC economies are applying the HS System, though not all APEC Members are yet signatories to the HS Convention. A technical assistance programme coordinated by Japan seeks to rectify difficulties with the adoption of the system which have occurred in five Members.
- Simplification and harmonization of customs procedures on the basis of the Kyoto Convention by 1998: currently, eight Members are signatories to the Convention, and another six have requested technical assistance towards its implementation. Due to the ongoing revision of the Kyoto Convention, technical assistance is currently held off until the future Convention becomes clearer; several APEC Members are actively engaged in the revision work.
- Alignment with WTO Agreements: adoption of the WTO Agreement on Implementation of Article VII of the GATT 1994 (Customs Valuation) and establishment of border enforcement measures for protection of intellectual property rights provided in the WTO Agreement on Trade Related Aspects of Intellectual Property Rights by the year 2000 for those Members who delayed application of the Agreement.
- Automation of customs clearance systems based on UN/EDIFACT, by 1999; work towards achievement of this objective is presently underway.
- Provision of facilities for temporary admission of goods for-re-export through accession to the ATA Convention by the year 2000.

78. Another aspect of the work programme relates to enhanced transparency of customs laws and procedures. This objective requires Members to publish information on administrative guidelines, procedures and rulings in addition to customs laws and regulations by 1998. By the year 2000, APEC economies have committed to introducing clear appeal provisions and advance tariff classification rulings within each Member state. With regard to customs modernization, the SCCP is undertaking a study on the harmonization of trade data elements for customs processing of cargo. APEC Members are exploring the feasibility of introducing a risk management approach, and applying modern electronic commerce systems to facilitate cargo clearance.

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<sup>9</sup>Due to the multitude of regional agreements that entertain efforts to harmonize and simplify trade procedures, only a few organizations for which information was available are covered here.

## II. European Union (EU)

79. The European Union has prepared several "Customs Cooperation and Mutual Assistance" Agreements with Canada, the Republic of Korea, and the United States, setting out the framework in which cooperation between customs administrations will occur. The agreements provide for establishment of channels of communication between customs authorities to facilitate the secure and rapid exchange of information, as well as the coordination of positions concerning topics of common interest that are discussed in the framework of international organizations. The Agreements call for the establishment of Joint Customs Committees. Association agreements with several East European States contain sections on the alignment of customs procedures with the principles of the EU Customs Code. Provisions to align customs procedures exist also in Agreements with Russia, Morocco, Tunisia, Israel and Turkey. Further, the Joint Declaration of the 12th ASEAN-EU Ministerial Meeting calls for the initiation of ASEAN-EU cooperation in customs matters.

80. The EU Customs 2000 Programme is an internal EU project aimed at ensuring the homogeneous application of Community rules and common policy in order to guarantee equivalent results with regard to both controls on and simplification of trade. Target date for the implementation of the programme is the end of the year 2000. Features of the programme include a joint effort to combat fraud and illicit trafficking, computerization of customs services, improvements in working methods (risk-analysis, audit techniques, trade-customs memoranda of understanding, etc.). Joint teams of customs experts are monitoring sectors of Community customs legislation and drawing up reports identifying best working methods.

## III. North American Free Trade Agreement (NAFTA)

81. Chapter five of the Agreement establishes the procedures that customs administrations from each party must follow in administering and enforcing the NAFTA rules of origin regime. In this context, uniform regulations regarding interpretation, application, and administration of rules of origin and customs procedures were developed by the parties. A trilateral working group on rules of origin meets at least four times a year for the purposes of monitoring the implementation and administration of NAFTA's drawback and marking rules as well as the provisions of chapters four and five, and the uniform regulations established for applying those chapters. A Customs Subgroup, meets four times a year to address customs and tariff-related matters which are in the interest of the parties. It is the forum that deals with potential disagreement of the parties on the interpretation and administration of the common rules of origin and other customs and tariff-related issues. A "North American Trade Automation Prototype" (NATAP) for cargo moving among the NAFTA partners is currently in the test phase. NATAP will utilize a trilaterally agreed-upon set of standardized data elements, conveyed in EDIFACT syntax. NAFTA partners are undertaking an exploration of methods for simplification and possible harmonization of procedures for express consignments.

## D. **OTHER ACTIVITIES AND INITIATIVES**

82. Other activities and initiatives, for which detailed information was not readily available but which have come to the attention of the Secretariat, are noted below.

83. Some regional free trade agreements or customs unions feature rules pertaining to the harmonization and/or simplification of trade procedures or cooperation among the Members' customs authorities. These include, *inter alia*, the Andean Group, the Arab Common Market, the Association of South East Asian Nations (ASEAN), the Caribbean Community (CARICOM), the Central European Free Trade Agreement (CEFTA), the Central African Customs and Economic Union (CACEU), the Central American Common Market, the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States (ECOWAS), the Gulf Cooperation Council, the Latin

American Integration Association (LAIA), the Southern Common Market (MERCOSUR), the South Asian Association for Regional Cooperation (SAARC) Preferential Trading Agreement (SAPTA), and the West African Economic and Monetary Union (WAEMU).

84. Three further initiatives are noted below.

- The Summit of the Americas, held 1994 in Miami launched the idea of a Free Trade Area of the Americas (FTAA) by 2005. At the following Ministerial Meetings in Denver, Colorado, in 1995, in Cartagena, Colombia in 1996, and in Belo Horizonte, Brazil in 1997, work continued in several Working Groups which had been established to prepare for negotiations no later than 2005, among them a Working Group on "Customs Procedures and Rules of Origin". The mandate of this Working Group includes the development of a comprehensive inventory of hemisphere customs procedures and publication of a Customs Procedures Manual for use by the private sector; the development of recommendations on promoting electronic filing of customs information; and making recommendations on a specific approach for hemisphere-wide simplification of customs procedures. In Cartagena, it was agreed that immediate action would be taken on these areas. In Belo Horizonte, Ministers directed their Vice-Ministers to approve the recommendations put forward in these areas, termed "business facilitation measures".
- At the 1996 *Lyon Summit*, G-7 leaders agreed to "initiate an effort to standardize and simplify customs procedures" and initiated work on common data elements for imports and exports, common protocols for electronic communications related to electronic processing of goods, and the possible establishment of a prototype system for electronic processing.
- At the 30th *Quadrilateral Trade Minister Meeting* in Toronto (30 April - 2 May 1997), it was agreed to intensify efforts to complete the WTO harmonization work programme on non-preferential rules of origin, customs valuation and preshipment inspection within the existing timeframes.

**E. LIST OF WTO PROVISIONS (URUGUAY ROUND AGREEMENTS/GATT 1994) RELATED TO TRADE FACILITATION**

85. The following paragraphs provide a general explanation of the relevant WTO provisions; no interpretation of the provisions is intended.

*Article V - Freedom of Transit*

86. Article V establishes the GATT definition of "traffic in transit". It states that "there shall be freedom of transit through the territory of each Member for traffic in transit to or from the territory of other Members...". Further, it states that "...except in cases of failure to comply with applicable customs laws and regulations, such traffic coming from or going to the territory of other Members shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit, except charges for transportation or ... administrative expenses ...". It establishes Most-Favoured-Nation (MFN) treatment for such transit with respect to all charges, regulations and formalities (the Interpretative Note clarifies that in respect of transportation charges, this principle refers to like products being transported on the same route under like conditions).

*Article VII - Valuation for Customs Purposes*

87. Article VII lays down the main principles governing the valuation of imports for assessment of duties or other charges (not including internal taxes). It establishes that this should be based on the

"actual value of the imported merchandise, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values". The Article defines "actual value". Interpretation and application of this Article has been provided in the Tokyo Round and Uruguay Round Agreements on Implementation of Article VII of GATT 1994 (see below).

*Article VIII - Fees and Formalities connected with Importation and Exportation*

88. The basic premise of Article VIII is that all fees and charges (other than import and export duties and taxes covered by Article III) imposed on or in connection with importation or exportation "shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes". Members recognize that the number and diversity of such fees, and the incidence and complexity of import and export formalities should be reduced. Further, documentation requirements should be lessened and simplified. Article VIII also provides that minor breaches of customs regulations or procedural requirements shall not be subject to substantial penalties.

*Article IX - Marks of Origin*

89. The Article establishes MFN treatment with respect to marking requirements. It emphasizes that the difficulties and inconveniences to the commerce and industry of exporting countries of adopting and enforcing laws relating to marks of origin should be reduced to a minimum. Whenever practicable, required marks should be permitted to be affixed at the time of importation. In addition, Members should cooperate to prevent the use of trade names in such manner as to misrepresent the true origin of a product, to the detriment of protected distinctive regional or geographical names of products.

*Article X - Publication and Administration of Trade Regulations*

90. This Article requires each Member to promptly publish of all laws, regulations, judicial decisions and administrative rulings affecting imports and exports. In addition, "agreements affecting international trade policy which are in force" between two Members shall also be published. With regard to rates of duty or other charge on imports, publication shall precede enforcement of a more restrictive measure. Each Member shall further maintain or institute "judicial, arbitral or administrative tribunals or procedures for the purpose, *inter alia*, of the prompt review and correction of administrative action relating to customs matters."

*Agreement on Implementation of Article VII of the GATT 1994 (Customs Valuation Agreement)*

91. The Customs Valuation Agreement contains provisions which put into effect the principles contained in Article VII of the GATT. It establishes the "transaction value" as the price actually paid or payable of the imported product as the primary basis for customs value. It also contains 5 other methods to be used whenever the customs valuation cannot be determined under the transaction value. Two of these methods deviate from the transaction value, the deductive method and the computed value. The Agreement also contains special and differential treatment provisions for developing countries, provision for the establishment of a Technical Group on Customs Valuation in the World Customs Organization, and notification obligations.

*Agreement on Rules of Origin*

92. The Agreement on Rules of Origin aims at harmonization of non-preferential rules of origin and ensures that such rules do not themselves create unnecessary obstacles to trade. The Agreement sets out a work programme for the harmonization of rules of origin to be undertaken, in conjunction with the WCO, and completed three years after the entry into force of the WTO. The underlying principle



is that the originating status of a good should be either the country where the good has been wholly obtained or, when more than one country is concerned in its production, the country where the last substantial transformation has been carried out; rules of origin should not be used as instruments of trade policy; and they should be objective, predictable, coherent and based on positive standards. The Agreement also calls for the establishment of a Technical Committee on Rules of Origin in the WCO.

#### *Agreement on Import Licensing Procedures*

93. The Agreement on Import Licensing Procedures recognizes that import licensing procedures can have acceptable uses, but also that their inappropriate use may impede the flow of international trade. It establishes disciplines on the users of import licensing systems to ensure that the procedures applied for granting both "automatic" and "non-automatic" import licences do not in themselves restrict or distort trade. By becoming Members of the WTO, governments commit themselves to simplifying and bringing transparency to their import licensing procedures and to administering them in a neutral and non-discriminatory manner. The Agreement sets up time-limits for the publication of information concerning licensing procedures, notification to the Committee and for processing of licence applications.

#### *Agreement on Preshipment Inspection*

94. The Agreement on Preshipment Inspection (PSI) lays out a framework of rules and obligations for Members using preshipment inspection (user Member) in order to govern the practices of preshipment inspection entities. The Agreement calls for transparency and non-discrimination in the conduct of these activities and requests user Members to ensure that PSI entities use agreed or international standards, that they provide adequate protection for confidential business information, avoid unreasonable delays in inspection of shipments, establish an appeals procedure for exporters and base price verification on the methodology provided in the Agreement. The Agreement also calls for the establishment of an Independent Entity to review disputes between exporters and PSI entities.

#### *Agreement on Technical Barriers to Trade (TBT)*

95. The TBT Agreement lays down rules that govern the preparation, adoption and application of technical regulations, standards and conformity assessment procedures. These include provisions on non-discrimination and national treatment, avoiding unnecessary obstacles to trade, harmonization, transparency, mutual recognition of conformity assessment procedures and equivalence of technical regulations. Both standards and technical regulations lay down specific physical requirements for products, such as a product's size, shape, design, length and functions, and a product' labelling, packaging and marking as well as product-related process and production methods. Transparency is ensured through the establishment of national enquiry points, and four different notifications obligations.

#### *General Agreement on Trade in Services*

96. Apart from its general thrust of facilitating trade in services, the GATS relates to trade facilitation in particular for all modes of transport industries. However, with regard to air transport the services related to landing rights ("hard rights") are excluded from the scope of the GATS. To date 37 schedules that include commitments on air transport services are in force. Presently, 36 countries have undertaken commitments on maritime transport. Concerning road and rail transport, 21 and 36 schedules, respectively, have entered into force. Further negotiations on services will take place no later than by the year 2000 and will include transport services. By the same date the annex on air transport services will be reviewed in order to consider the possible further application of the GATS to this sector.

*Agreement on Trade-Related Aspects of Intellectual Property Rights*

97. Section 4 of the Agreement addresses "Special Requirements Related to Border Measures", in order to prevent illicit trafficking of counterfeit trademark or pirated copyright goods.

*Agreement on the Application of Sanitary and Phytosanitary Measures*

98. The Agreement encourages the use of international standards, guidelines and recommendations, thus enhancing transparency and security. It requires MFN and national treatment where identical or similar conditions prevail. Annex C to the Agreement deals specifically with control, inspection and approval procedures. It obliges Members to provide that these procedures are not inconsistent with the other provisions of the Agreement.

## Annex I: UN/ECE RECOMMENDATIONS

### *1. United Nations Layout Key for Trade Documents*

Provides an international basis for the standardization of documents used in international trade and transport, including the visual representation of such documents. The UN Layout Key is intended particularly to serve as a basis for designing aligned series of forms employing a master document in a reprographic one-run method of document preparation; it can also be applied for the layout of visual display presentations in electronic data processing applications.

### *2. Location of Codes in Trade Documents*

The text was incorporated into Recommendation No. 1 "United Nations Layout Key for Trade Documents".

### *3. ISO Country Code for Representation of Names of Countries*

Known as the "ISO ALPHA-2 Country Code", for use in representing the names of countries, dependencies, and other areas of special geographical interest for purposes of international trade whenever there is a need for a coded alphabetical designation.

### *4. National Trade Facilitation Organs*

Provides guidelines for establishing national organizations or committees, in accordance with national regulations, to encourage the implementation of recommendations on facilitation of international trade procedures.

### *5. Abbreviations of INCOTERMS*

Proposes abbreviations of trade terms for acceptance and use by Governments and international organizations whenever these terms are referred to in abbreviated form, including electronic data transmission and processing.

### *6. Aligned Invoice Layout Key*

Applied to the design of commercial invoices for international trade in goods. The layout key can also be used as a basis for designing invoices in other instances. Invoices based on this Recommendation are intended - to the extent possible - to present the required data in such a way that existing documents could be complemented or in certain cases replaced (e.g. customs invoices, consular invoices, declarations of origin, etc.).

### *7. Numerical Representation of Dates, Time and Periods of Time*

Establishes a method for a standardized and unambiguous all-numerical designation of a given date, time of day and a given period of time. It applies to all cases where these data are presented as separate entries in numerical form but not when they are part of a plain language text.

### *8. Unique Identification Code Methodology (UNIC)*

Establishes a unique consignment reference number with the objective of reducing the number of different references used by parties in international and national trade transactions. It is not intended as a method of product identification.

### *9. Alphabetic Code for the Representation of Currencies*

Encourages the use of the three-letter alphabetic codes of International Standard ISO 4217, "Codes for the representation of currencies and funds", for application in international trade and their use in commercial transactions when currencies are expressed in coded or abbreviated form. The code is designed to be equally suitable for automated or manual applications.

10. *Codes for Ships' Names*

This Recommendation is under revision and will be reissued following approval by the UN/ECE Working Party on Facilitation of International Trade Procedures.

11. *Documentary Aspects of the International Transport of Dangerous Goods*

Sets forth actions to harmonize information requirements and to simplify documentary procedures for the transport of dangerous goods in order to decrease complexity and increase accuracy and efficiency.

12. *Measures to Facilitate Maritime Transport Documents Procedures*

Aims to simplify and harmonize procedures and documents used by ship-owners, consignees, banks and other parties involved in the maritime transport of goods to evidence the contract of carriage. This Recommendation applies to consignment-based documents evidencing contract or undertaking to carry goods by vessel, and to related procedures. It also applies to multimodal transport, as appropriate.

13. *Facilitation of Legal Problems in Import Clearance Procedures*

Recommends to Governments a series of modifications which could be introduced into national laws and regulations to permit customs and regulatory bodies to clear imports more efficiently and to benefit from advances in modern information technology.

14. *Authentication of Trade Documents by means other than signature*

Seeks to encourage the use of electronic data transfer in international trade by recommending that Governments review national and international requirements for signatures on international trade documents, in order to eliminate the requirement for paper documents and meeting the requirement of signatures by the authentication guaranteed by the means of transmission. It also recommends examining current commercial documents to identify those where signature could be safely eliminated and promoting the necessary changes in commercial practice.

15. *Simpler Shipping Marks*

Describes a simple and standardized approach to identify cargo in order to reduce costs, mistakes, confusion and shipment delays. The Standard Shipping Mark established in this Recommendation should be used for marking on packages moved internationally by all modes of transport, for reproduction in related documents, as data elements in trade data interchange.

16. *UN/LOCODE - Code for Ports and other Locations*

Recommends a five-letter alphabetic code for abbreviating the names of locations of interest to international trade, such as ports, airports, inland freight terminals, and other locations where customs clearance of goods can take place, and whose names need to be represented unambiguously in data interchange between participants in international trade.

17. *PAYTERMS - Abbreviations for Terms of Payment*

Provides abbreviations for certain terms of payment, referred to as "PAYTERMS", for use in international commercial trade transactions relating to the provision of goods and/or services.

18. *Facilitation Measures Related to International Trade Procedures*

Outlines a series of measures related to the movement of goods, presented in groups covering different phases of a common international trade transaction, which on their own would not justify an independent formal recommendation but which Governments should consider implementing. Each section describes the application area, outlines the procedures and documents covered, and describes the particular problems for which facilitation measures are needed.

19. *Codes for Modes of Transport*

Establishes a one-digit numerical code for representing transport modes and provides for a second digit for sub-divisions which might be required. This Recommendation applies to all cases where mode of transport is represented in coded form in international trade documents and where a simple code structure suffices.

20. *Codes for Units of Measurement used in International Trade*

Provides three character alphabetic and alphanumeric codes for representing units of measurement for length, area, volume/capacity, mass (weight), time and other quantities used in international trade. The codes are intended for use in manual and/or automated systems for the exchange of information between participants in international trade.

21. *Codes for Types of Cargo, Packages and Packaging Materials*

Establishes a numeric code system to describe the appearance of goods as presented for transport to facilitate identification, recording, handling, and establishing handling tariffs. The recommendation also establishes complementary alphabetic codes to represent the names of packages and provides pictorial symbols to provide a visual association between the codes and the types of packages that they represent.

22. *Layout Key for Standard Consignment Instructions*

Presents a layout key, based on the UN Layout Key for Trade Documents, for the design of Standard Consignment Instructions intended to convey instructions from either a seller/consignor or a buyer/consignee to a freight forwarder, carrier or his agent, or other provider of services, enabling the movement of goods and associated activities. This Recommendation is relevant to the movement and handling of goods, customs, distribution of documents, allocation of charges and special instructions.

23. *Freight Cost Code - FCC*

Provides a naming system to be used for the establishment of harmonized descriptions of freight costs and other charges related to the international movement of goods. It also specifies an unambiguous coded representation of those descriptions. This Recommendation applies in all cases where descriptions of freight costs and other charges have to be stated in plain language or in coded form in trade data interchange, be it in paper documents or by electronic means.

24. *Harmonization of Transport Status Codes*

Provides Transport Status Codes to satisfy requirements for exchanging coded information about the status of consignments, goods or means of transport at a certain time or place in the transport chain. Representation of transport status codes can be given in plain language or in coded form. The codes provided for in this Recommendation are intended for use in manual and/or automated systems for the exchange of information between all participants in international trade.

25. *Use of the United Nations Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT)*

Recommends coordinated action by governments to promote UN/EDIFACT as a single international standard for electronic interchange of data (EDI) between public administrations and private companies of all economic sectors worldwide.

*26. Commercial use of Interchange Agreements for Electronic Data Interchange*

Promotes the use of interchange agreements between commercial parties using Electronic Data Interchange in connection with international commercial transaction. The Recommendation includes a Model Interchange Agreement for international use. Though designed for bilateral agreements between two trading partners, the Model Interchange Agreement, with adjustments, can be implemented in multilateral relationships such as in a trade community or association.

Annex II: EXPLANATION OF EDI and UN/EDIFACT

1. Electronic Data Interchange (EDI) developed out of the need of public and private organizations to communicate efficiently with each other, and takes advantage of modern information technology. Traditional business communication occurs in two forms: unstructured (e.g. memo and letters) and structured (e.g. business transactions such as purchase orders, despatch advice, invoices, payments). EDI covers the exchange of structured messages, while electronic mail deals with unstructured types of communications. With a structured message, such as a purchase order, the data is formatted according to an agreed standard, thus facilitating the electronic transfer from one computer system to another. Often referred to as application to application communications between computer systems, the intent is to have a "hands off" operation that allows for the exchange of business or administrative data between trading partners.

2. Recent productivity strategies among the business community, such as Just in Time (JIT) and Quick Response (QR), are efforts to become more efficient. This requires organizations to streamline their operations by eliminating all procedures that do not add value to the business process. A majority of multinational and large regional organizations are implementing EDI and are increasingly requiring all trading partners to be "EDI capable". The savings can be huge. A recent Financial Times article noted that Texas Instruments of the US saved US\$50 million from introducing EDI. Volkswagen of Germany hopes to cut 1 per cent of its operating costs by using UN/EDIFACT for all its internal and external business.<sup>10</sup> For international trade, complex document requirements and business relationship would benefit from EDI streamlining. International trade generally involves transportation carriers, freight forwarders, brokers, banks insurers, customs administrations and other government agencies. The data entered by the initiating party is generally required by all other parties involved. EDI allows all parties to exchange this initial data without manual copying or data-entry, thus reducing time and errors.

3. In an EDI environment, it would not be efficient, or indeed realistic, for everyone to exchange their own versions of a single document (e.g. purchase order). The availability of a library or directory of common messages and message components was recognized as a means to promote a universal technique for exchanging of business data. Until ten years ago, this was achieved by various initiatives at a group, industry and country level. There was an obvious need for an international standard. UN/EDIFACT was developed in this context and now covers a wide range of industry sectors, including purchasing, transport, banking, insurance, product and quality data, materials management, statistics, travel, tourism and leisure, customs, architecture, engineering and construction, health care, social administration and employment.

4. UN/EDIFACT consists of a comprehensive set of rules and procedures based on the idea of standardizing or coding at all levels of information; every piece of information should be represented by a mnemonic, or a symbol which represents that piece unambiguously. In addition, the order in which the mnemonics are placed must also be standardized. UN/EDIFACT provides these codes and their format. The format is called the EDIFACT syntax which can be thought of as the electronic equivalent of the United Nations Layout Key. The syntax contains the rules for how UN/EDIFACT messages should be structured and is an ISO standard (ISO 9735). Within this syntax standard, an EDIFACT message is defined as a series of building blocks. Each of these building blocks is standardized and for each type of building block there is a separate, UN/EDIFACT directory which forms part of the UN/EDIFACT standard.

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<sup>10</sup>"EDI data exchange spreads its wings", Williams, Francis, Financial Times, Friday, 21 March 1997.

5. The syntax rules govern the structure of United Nations Standard Messages (UNSM) which is a structured set of data values relating to a business function, organized as a collection of sequenced segments. The segments consist of data elements that, together, define a precise concept. The UNSM is designed to be applicable across business sectors. UN/EDIFACT concerns the message only; the communication method is not part of the standard, thus messages can be sent across both commercial and public networks as well as the Internet. UN/EDIFACT is also independent of hardware and software, just as the recommendations do not define how to write on the paper, using pencil, typewriter, etc. Many such messages have been developed and are contained in the UN/EDIFACT United Nations Standard Message Directory (UNSM). A total of 145 UNSMs are specified in the latest Directory, with a further 60 messages in development.

6. The twice-yearly UN/EDIFACT Joint Rapporteurs Team (JRT) meetings are held to develop messages and coordinate positions developed by each of the five regional EDIFACT Boards: Pan-American, Western European, Central and Eastern European, Australia/New Zealand, and Asia (the African EDIFACT board was dismantled at the March 1996 meeting of WP.4). Each Board supports the Regional EDIFACT Rapporteur which is appointed by WP.4 to organize the work within his/her region and the to coordinate the work between regions. The JRT meetings are attended by over 300 technical experts. The UN/EDIFACT Directories are approved and published, following each JRT meeting, in accordance with an approved version/release process. As part of this process, there is a formal audit to ensure the quality of the UN/EDIFACT product. These directories are available for the UN/ECE Trade Facilitation Internet site (<http://www.unece.org/trafix>) as well as from national, regional and international organizations that support the process, and the ECE Secretariat.

7. One problem that has arisen which the EDIFACT has addressed is the ability to trim the UNSMs to suit the requirements of a particular industry sector. EDI organizations in each region create what are called Message Implementation Guidelines (MIGs) which are put into an EDIFACT message through an Implementation Definition (IMPDEF). These MIGs take a UNSM which is a data model of a certain business transaction in any industry, in any country and between any number of partners and trim it into a model for a specific industry, country and groups of partners. These are then usually assembled into a directory and distributed to those users in that particular community. In effect, the IMPDEF allows the contents of the MIG to be electronically transmitted through EDIFACT so that an electronic translation of the UNSM is performed. In practice, however the full utilization of IMPDEFs is still being developed. However, translation software has been developed to translate ANSX12, the (American National Standards Institute Accredited Standards Committee), into EDIFACT. It is also clear that these implementation translator software will continue to be developed and will be part of the future of EDI.



8. Who is using UN/EDIFACT? The following countries and economies are currently using UN/EDIFACT and involved in the UN/EDIFACT development process:

Argentina	Australia	Austria	Belgium
Brazil	Bulgaria	Canada	Chile
Chinese Taipei	Colombia	Czech Rep.	Denmark
Finland	France	Gabon	Germany
Hong Kong	Hungary	Iceland	India
Israel	Ireland	Italy	Japan
Korea	Luxembourg	Malaysia	Malta
Mexico	The Netherlands	New Zealand	Nigeria
Norway	PRC	Poland	Romania
Russian Fed.	Senegal	Singapore	Slovenia
South Africa	Spain	Sweden	Switzerland
Thailand	United Kingdom	United States	

Annex III: THE ANNEXES OF THE WCO KYOTO CONVENTION

A. FORMALITIES PRIOR TO THE LODGEMENT OF THE GOODS DECLARATION

*Annex A.1. concerning customs formalities prior to the lodgement of the goods declaration*

This Annex deals with the customs formalities for imported goods from the time they are introduced into the customs territory to the moment where they are placed under a customs procedure. As a principle, customs formalities prior to the goods declaration shall be reduced to a minimum. No discrimination with regard to the origin of the goods shall apply at this stage of the import process. Customs documents shall only be required to be lodged at the location where the goods have to be produced to customs. At the point where the goods were introduced into the customs territory, only documentation that identifies goods and means of transport can be required. Annex A.1 further sets standards for unloading practices, tax exemption for damaged, destroyed or lost goods, and transparency of customs formalities.

*Annex A.2. concerning the temporary storage of goods*

During the time between the arrival of the goods in a country and the lodgement of the relevant Goods Declaration, customs authorities maintain control over the goods in approved areas, termed "temporary stores", which may consist of buildings or enclosed or unenclosed spaces. The Annex provides for a simple method of controlling goods pending clearance and is an important link between the arrival of the goods and their release by customs after accomplishment of the necessary formalities. The Annex also contains provisions concerning, inter alia, the establishment and management of temporary stores, authorized operations, the duration of temporary storage and the removal of goods from temporary store.

*Annex A.3. concerning customs formalities applicable to commercial means of transport*

This Annex deals with means of transport which are used in international traffic for the transport of persons for remuneration or for the industrial or commercial transport of goods, whether or not for remuneration. The Annex provides for temporary importation, conditionally relieved from payment of import duties and taxes and free of import prohibitions and restrictions, for commercial means of transport, for special equipment for the loading, unloading, handling and protection of cargo and for parts and equipment which are to be used as replacements. In addition, there are provisions concerning places of arrival in and departure from the customs territory, designated customs offices where commercial means of transport must be reported, documentary formalities, customs control and formalities upon departure of commercial means of transport from the customs territory.

*Annex A.4. concerning customs treatment of stores (not in force)*

Annex A.4. provides for exemption from import duties and taxes for stores which are carried on board vessels, aircraft and trains (with the exclusion of private means of transport) arriving in a customs territory; these stores may be intended for passengers or crew or may be needed for the means of transport themselves. Exemption from duties and taxes is also provided for stores which vessels and aircraft take on board in the customs territory for use during an intended journey abroad.

B. CLEARANCE OF GOODS FOR HOME USE

*Annex B.1. concerning clearance for home use*

Clearance for home use is the customs procedure which provides that imported goods may remain permanently in a customs territory. It is the procedure most commonly applied to imports and thus a central annex of the Kyoto Convention. Some of the principles on which Annex B.1. is based also underlie other

customs procedures. The main provisions of the Annex include the obligations of the declarant, such as lodgement of a Goods Declaration, with supporting documents (import licence, certificates of origin, etc.), payment of import duties and taxes; deferral of such payments or security under certain circumstances. The annex lays out the procedures applied by customs: checking of the goods declaration; examination of the goods; and assessment and payment of import duties and taxes. The lay-out key for the Goods Declaration for home use reproduced at Appendix I to the Annex is aligned to the layout key which UN ECE has adopted for commercial documents.

*Annex B.2. concerning relief from import duties and taxes in respect of goods declared for home use*

All customs regulations mention cases of relief from duties and taxes applicable in specified circumstances and where certain conditions have been met. In some countries such relief is provided for in the customs tariff, whereas in others it may be set out in separate legislation or regulations. The Annex specifically mentions a number of forms of relief normally granted in most countries. It includes reliefs referred to in other international instruments; human therapeutic substances and blood grouping and tissue-typing reagents; removable articles imported on transfer of residence; personal effects and educational articles for persons attending educational establishments; effects acquired by inheritance; personal gifts; goods sent to charitable or philanthropic organizations; awards; documents and miscellaneous articles of no commercial value; religious objects; products imported for testing; products and materials for the protection of goods during transport. In addition to listing examples of relief, the annex sets out practices for the import formalities such as prior authority, goods declaration and security payment.

*Annex B.3. concerning reimportation in the same state*

The customs procedure in this Annex applies to goods which are reimported into the country of exportation without having undergone any manufacturing, processing or repairs abroad. In many instances reimportation is foreseeable at the time of exportation, in which case the goods may be exported with notification of intended return. However, in certain cases goods are reimported owing to circumstances which arise after their exportation. Goods reimported in the same state enter free of import duties and taxes and qualify for repayment of any export duties and taxes paid on exportation.

C. CLEARANCE OF GOODS AT EXPORTATION

*Annex C.1. concerning outright exportation*

Annex C.1. deals with the customs procedure applicable to goods which leave the customs territory and are intended to remain permanently outside it. However, it does not cover goods exported under the drawback procedure, under a processing procedure or with repayment of import duties and taxes. Outright exportation is a universal customs procedure which, except where export duties or taxes are chargeable, generally involves relatively simple customs formalities. The Annex sets out a variety of facilities which may be offered to international trade within the framework of this procedure. Key standards include documentary requirements and rules relating to the examination of goods. Two appendixes contain layout keys for export declaration and invoice. Both conform with the UN ECE layout key.

D. ORIGIN OF GOODS

*Annex D.1. concerning rules of origin*

This Annex contains the rules for the determination of the origin of goods by employing the following two basic criteria:

- that of goods "wholly produced" in a given country where only one country is taken into consideration in attributing origin; in this connection the Annex contains a list of goods which shall be regarded, under this criterion, as being wholly produced in a given country;
- that of "substantial transformation" where two or more countries have shared in the production of goods. Imported parts of materials must have undergone "substantial transformation" in the country of production if the goods made from them are to be regarded as originating in that country.

There are various methods of expressing the concept of "substantial transformation", each of which has advantages and disadvantages and they are set out in the introduction to the Annex. The Annex suggests the use of the method which expresses the "substantial transformation" criterion by a rule requiring a change in tariff heading (possibly accompanied by lists of exceptions) and recommends that the CCCN be used for its application.

#### *Annex D.2. concerning documentary evidence of origin*

The aim of this Annex is to restrict the use of documentary evidence of origin by specifying that it be required only in connection with the granting of preferential treatment or the application of economic measures or of those connected with health or public order. The Annex makes a distinction between four cases: those where documentary evidence of origin should not be required (for example, goods carried in travellers' baggage, goods granted temporary admission or carried in customs transit); those where a simple statement of origin by the exporter is sufficient; those where such a statement must be certified by a duly authorized body; and, lastly, those where a certificate of origin must be produced. The Annex also contains a model form for certificates of origin together with notes and rules for their use and recommends that, whenever certificates of origin are revised, they should be aligned on his model.

#### *Annex D.3. concerning the control of documentary evidence of origin*

The Annex stipulates that, subject to reciprocity, requests for control of origin may be made when there are reasonable grounds to doubt the authenticity or accuracy of documents produced.

### E. CONDITIONAL RELEASE PROCEDURES AND PROCESSING TRAFFIC

#### *Annex E.1. concerning customs transit*

The Annex deals with all the basic elements of both national and international customs transit including the goods declaration for customs transit, security, examination and identification of consignments, additional control measures such as prescribed itineraries and time-limits, and customs escort, customs seals and identification marks. Annex E.1. also deals specifically with international customs transit by means of a general recommendation to countries to consider becoming Contracting Parties to the ITI, TIR and ATA Conventions, followed by a series of provisions which are considered suitable for incorporation in new customs transit agreements which might have to be concluded by countries which for the time being are not in a position to accede to those international conventions.

#### *Annex E.2. concerning transshipment*

This Annex deals with the customs procedure applicable to goods which are imported into a country in a means of transport in order to be transferred to another means of transport on which they then leave the country for their final destination, the importation, transfer and exportation of the goods all taking place within the area of a single customs office. The Annex provides that transshipment operations may be carried out without payment of duties and taxes and under very simple arrangements for customs control.

*Annex E.3. concerning customs warehouses*

The Annex deals with the customs procedure under which imported goods may be stored under customs control in a designated place (i.e. a customs warehouse) without payment of import duties and taxes. The Annex lays down provisions for the detailed application of the customs warehousing procedure and covers, inter alia, the establishment and management of the warehouses themselves, the types of goods which may be warehoused and the admission of them into the warehouse, authorized operations, the duration of warehousing and removal from warehouse.

*Annex E.4. concerning drawback*

This Annex deals with the drawback procedure which provides, when goods are exported, for refund (total or partial) of the import duties and taxes charged on the goods or on materials contained in them or used up in their production. It covers the following two forms of drawback which are provided for in the legislations of many countries:

- 1) in cases where the goods have undergone processing, manufacture or repair,
- 2) in cases where the goods are imported and re-exported in the same state.

*Annex E.5. concerning temporary admission subject to re-exportation in the same state*

This Annex relates to the customs procedure under which goods may be imported into the customs territory on a temporary basis under relief from the payment of import duties and taxes. Such goods must be imported for a specific purpose and must be intended for re-exportation within a specified period. They must undergo no change in state other than normal depreciation through use. In most cases the temporary admission procedure as laid down in the Annex provides for total relief from import duties and taxes, but in certain cases (when, for example, the imported goods are to be used for production purposes or work projects) the relief may be only partial.

*Annex E.6. concerning temporary admission for inward processing*

In case goods are imported with a view to later re-exportation after having undergone specified manufacturing, processing or repair, most national legislations allow for (total or partial) relief from import duties and taxes. The Annex lays down the procedure under which relief from import duties and taxes is granted. The usual requirement is that the products exported shall have been obtained from the goods imported, but the Annex also provides for the use of goods equivalent to those temporarily admitted for inward processing.

*Annex E.7. concerning the duty free replacement of goods (not in force)*

The procedure which is the subject of this Annex applies where goods have been processed into products exported from a customs territory, and provides for exemption from import duties and taxes to be granted in respect of goods equivalent to those processed into the exported products. An important advantage of the duty-free replacement of goods procedure is that application for exemption from import duties and taxes for future importations may be made at the time of exportation of the processed products, whereas under temporary admission for inward processing application must be made when the raw materials for processing are imported.

*Annex E.8. concerning temporary exportation for outward processing*

The customs procedure dealt with in this Annex enables goods in free circulation in a customs territory to be temporarily exported for manufacturing, processing or repair abroad and then to be reimported with total or partial exemption from import duties and taxes. The application of this procedure may be made subject

to the conditions that the processing operations envisaged are regarded by the competent authorities as not detrimental to national interests.

## F. SPECIAL CUSTOMS PROCEDURES

### *Annex F.1. concerning free zones*

The Annex deals with the customs procedure applicable to goods introduced into "free zones," "free port", "free warehouse" or "transit zone," all of which are a part of a state's territory into which goods can be introduced without being subject to the usual duty and tax requirements and customs control.

### *Annex F.2. concerning processing of goods for home use*

This Annex lays down the procedure of processing of goods for home use which permits, where it is in the national economic interest, the processing of imported goods under customs control so that the products thus obtained may be declared for home use under the tariff classification applicable to them in their processed state. Naturally, the procedure would be applied only where the rates of import duties and taxes applicable to the products obtained are lower than those applicable to the imported goods and for this reason the scope of the Annex is limited.

### *Annex F.3. concerning customs facilities applicable to travellers*

This Annex provides for the minimum customs facilities applicable to all travellers irrespective of whether they are non-residents or departing or returning residents. The only persons specifically excluded from the Annex are those transferring residence from one country to another. The following important subjects are dealt with in the Annex: the treatment of travellers' means of transport for private use; the exceptional nature of and conditions for personal searches; the flat rate assessment systems; the elimination of a requirement for a list of travellers or a list of their unaccompanied baggage regardless of the mode of transport used.

### *Annex F.4. concerning customs formalities in respect of postal traffic*

Due to the special nature of postal traffic the customs formalities in respect of items carried by mail are somewhat different to those applied to goods carried by other means. Because of the very large number of items sent by post, special administrative arrangements are necessary to avoid unacceptable delays. The Annex sets out the special customs formalities applicable to postal traffic at exportation and specifies that postal items shall not be subject to such formalities whilst they are being conveyed in transit in international traffic.

### *Annex F.5. concerning urgent consignments*

The purpose of Annex F.5. is to facilitate the customs clearance of goods which, because of their nature or because of the circumstances surrounding their shipment, have to be conveyed rapidly from one country to another and cleared through customs with a minimum of delay. Such goods are principally subject to the same customs controls and formalities as ordinary consignments of goods but the Annex provides for shipments which are recognized by the customs authorities as being urgently needed to be cleared as a matter of priority subject to the necessary revenue safeguards and any prohibitions and restrictions.

### *Annex F.6. concerning the repayment of import duties and taxes*

This Annex is based on the generally accepted principle that a refund should be paid where import duties and taxes have been overpaid. The Annex lists those cases in which repayment seems particularly justified and sets out the conditions of repayment.

*Annex F.7. concerning the carriage of goods coastwise (not in force)*

This Annex deals with the procedure used particularly in maritime countries for the customs control of goods transported by vessel from one place to another in the customs territory. Both goods in free circulation and unentered imported goods may be carried under this procedure with the exception of unentered imported goods remaining on board the vessel in which they arrived in the customs territory and being carried therein as a continuation of the vessel's inward voyage. The Annex contains provisions on the usual procedural aspects such as documentation the places and times at which goods may be loaded and unloaded, security, and control measures.

G. RELATIONS BETWEEN PERSONS ENGAGED IN INTERNATIONAL TRADE AND THE CUSTOMS ADMINISTRATIONS

*Annex G.1. concerning information supplied by the customs authorities*

Various types of information (e.g. on tariff rates or clearance procedures) are provided by customs authorities. Annex G.1. lays out the environment and conditions of information supply. Its main chapter is on information of a specific nature - information which concerns particular goods or a particular operation which the interested person wishes to carry out. There are different sections relating to general principles, duties and taxes, customs valuation and procedural questions. A special section is devoted to the special procedure by which persons may obtain binding tariff classification information.

*Annex G.2. concerning the relationship between customs authorities and third parties*

This Annex is designed primarily to deal with the relationship which exists between professional customs clearing agents and the customs as well as those third parties performing the functions of customs clearing agents as an incidental part of their main commercial activities. In addition the Annex addresses other parties not involved in the clearance of goods who intervene in the movement and storage of goods which are under customs control. One of the fundamental points of the Annex directs that persons concerned shall have the choice of transacting business with the customs either directly or by designating a third party.

H. DISPUTES AND OFFENCE

*Annex H.1. concerning appeals in customs matters*

This Annex deals with the situation in which a decision or omission of the customs authorities is not acceptable to the person directly affected thereby. It provides for the person concerned to be given, upon request, an explanation of the reasons for the decision or omission and for there to be a right of appeal to a competent authority. This competent authority may be the customs authorities themselves, an administrative authority, one or more arbitrators, a special tribunal and, at least in the final instance, a judicial authority.

Annex H.1., unlike other Annexes to the Kyoto Convention, is not concerned exclusively with customs procedures or formalities. However, in regard to appeals to judicial authorities only broad general principles have been laid down.

*Annex H.2. concerning customs offence (not in force)*

This Annex deals with the conditions under which the customs authorities investigate and establish any breach or attempted breach of the statutory or regulatory provisions which they are responsible for enforcing. The repression of customs offence by application of suitable penalties is also dealt with, but only to the extent that it falls within the competence of the customs authorities.

*Annex I.1. concerning customs applications of computers (not in force)*

The benefits of using ADP techniques in support of customs procedures have been well documented. They include greater trade facilitation, improved customs controls and an all round greater efficiency in the operation of the customs service. Annex J.1. aims to draw Member administrations' attention to these advantages and to provide practical advice on the development and maintenance of customs ADP systems. The Annex contains several provisions concerning electronic data interchange and draws attention to the need of international standards in this area.



Annex IV: THE ANNEXES OF THE WCO ISTANBUL CONVENTION

*Annex A. concerning temporary admission papers (ATA carnets and CPD carnets)*

This Annex deals with the international customs documents, *Carnet de Passage en Douane* (CPD) for the temporary importation of motor vehicles and trailers and the ATA carnet for the temporary importation of other goods. The two temporary admission carnets have to be accepted by Contracting Parties to the Istanbul Convention

- in lieu of national customs documents to describe the goods declared for temporary admission; and
- as due security for the payment of import duties and taxes and, to the extent laid down in the Convention, any other sums payable in case of failure to re-export the goods in due course.

*Annex B.1. concerning goods for display or use at exhibitions, fairs, meetings or similar events*

Annex B.1. deals with the temporary admission of an extremely wide range of goods. What is common to them is that they are for display or use at events of an economic or other nature. The Annex covers two different customs procedures, temporary admission subject to re-exportation and outright importation free of import duties and taxes for certain, clearly defined, goods. since the latter are either distributed free of charge to the visiting public or consumed, destroyed or used up at the event, the requirement of re-exportation must be waived.

The Annex provides for temporary admission to goods intended for display or demonstration at an event; goods intended for use in connection with the display of foreign products at an event; equipment including interpretation equipment, sound and image recording apparatus and films of an educational, scientific or cultural character. The Annex provides for outright importation free of import duties and taxes to small samples; goods imported solely for demonstration or for the purpose of demonstrating the operation of a foreign machine or apparatus; products of low value used up in constructing, furnishing, or decorating the temporary stand of foreign exhibitors at an event; printed matter, catalogues, trade notices, etc. which are demonstrably publicity material for the foreign goods displayed at an event; files, records, forms and other documents which are imported for use as such at, or in connection with, international meetings, conferences or congresses.

*Annex B.2. concerning professional equipment*

This Annex deals with the temporary admission of any equipment necessary for the exercise of the calling, trade or profession of a person visiting the territory of another country to perform a specified task. The range of such equipment is comprehensibly wide. The Annex provides for temporary admission to professional equipment and component parts imported for repair of professional equipment.

*Annex B.3. concerning containers, pallets, packings, samples and other goods imported in connection with a commercial operation*

This Annex covers goods which are imported temporarily in connection with a commercial operation but whose importation does not in itself constitute a commercial operation. This means that the goods are not themselves the object of a sale or a purchase. It provides for temporary admission to packings, containers, component parts intended for the repair of containers granted temporary admission, pallets, samples, advertising films, and any other goods imported for any of the purposes listed in the exhaustive list appended to Annex B.3.

*Annex B.4. concerning goods imported in connection with a manufacturing operation*

This Annex covers goods which are used in the manufacturing process but not goods which are to be processed, such as raw materials. It provides for temporary admission to articles on the basis of which goods are produced such as matrices, moulds, models and similar articles; articles by means of which goods are produced such as measuring, controlling and checking instruments as well as special tools and instruments for use during a manufacturing process.

*Annex B.5. concerning goods imported for educational, scientific or cultural purposes*

This Annex is devoted to promoting scientific research and educational or vocational training. It provides for temporary admission to an extremely wide range of goods:

- (a) goods imported exclusively for educational, scientific or cultural purposes;
- (b) spare parts for scientific equipment and pedagogic material which has been granted temporary admission under (a) above, and tools specially designed for the maintenance checking, gauging or repair of such equipment.

*Annex B.6. concerning travellers' personal effects and goods imported for sports purposes*

This Annex deals with temporary admission facilities for two categories of goods which are closely related but which so far have been treated differently at international level:

- (a) all articles, new or used, which a traveller may reasonably require for his or her personal use during the journey, taking into account all the circumstances of the journey, but excluding any goods imported for commercial purposes;
- (b) sports requisites and other articles for use by travellers in sports contests or demonstrations or for training in the territory of temporary admission.

Travellers as defined in this Annex include tourists, athletes, business travellers, delegates to meeting of international organizations, students, etc.

*Annex B.7. concerning tourist publicity material*

This Annex contributes to promoting international tourism by facilitating the circulation of tourist publicity documents and other material aimed at encouraging the public to visit a foreign country. The Annex covers two different customs procedures. Temporary admission subject to re-exportation for tourist publicity material and outright importation free of import duties and taxes for certain, clearly defined publicity material. This latter material will not be re-exported, either because it is for free distribution or because to require its re-exportation would serve no useful purpose.

*Annex B.8. concerning goods imported as frontier traffic*

This Annex facilitates the conditions of life of the people who live in a frontier zone of a country and who, for various reasons, have to visit the frontier zone in the neighbouring country. It provides for temporary admission to goods carried by frontier zone inhabitants in the performance of their profession or trade; personal or household effects of frontier zone inhabitants imported by them for repair, manufacture or processing; equipment intended for working on land located within the frontier zone of the territory of temporary admission; equipment owned by an official body, imported in connection with a relief operation (fire, etc).

*Annex B.9. concerning goods imported for humanitarian purposes*

This Annex contributes to the efforts made in the interest of humanity by facilitating the importation of urgently needed medical, surgical and laboratory equipment and of relief consignments forwarded as aid to those affected by national disasters and similar catastrophes. Relief consignments include all goods, such as vehicles and other means of transport, blankets, tents, prefabricated houses or other goods of prime necessity. However, the temporary importation of vehicles and other means of transport transporting relief consignments into the country affected, are covered in Annex C.

*Annex C concerning means of transport*

This Annex contributes to the international movement of goods and persons by providing for temporary admission facilities for the means of transport used for their carriage. It covers any water, air, road or rail means of transport which are used for commercial, industrial or private purposes.

*Annex D concerning animals*

This Annex was prepared in recognition of the many and diversified functions animals are called upon to perform in the modern society. It provides for temporary admission to live animals of any species. The exhaustive list appended to the Annex lists the purposes for which animals may be temporarily imported.

*Annex E concerning goods imported with partial relief from import duties and taxes*

This Annex constitutes an exception to the main rule under the Istanbul Convention according to which temporary admission shall be granted with a total relief from import duties and taxes. It covers all goods which are imported only temporarily but which do not fulfil the conditions necessary for granting a total relief from import duties and taxes. Since temporary admission under this Annex always entails the payment of at least a part of the import duties and taxes applicable, the customs document and security should be similar to those normally required in connection with clearance for home use. Thus there is no obligation to accept temporary admission papers (ATA and CPD carnets).

Annex V: THE ANNEXES OF THE NAIROBI CONVENTION:

- Annex I: Assistance by a customs administration on its own initiative
- Annex II: Assistance, on request, in the assessment of import taxes or export duties and taxes
- Annex III: Assistance, on request, relating to controls
- Annex IV: Assistance, on request, relating to surveillance
- Annex V: Enquiries and notifications, on request, on behalf of another Contracting Party
- Annex VI: Appearance by customs officials before a court or tribunal abroad
- Annex VII: Presence of customs officials of one Contracting party in the territory of another Contracting Party
- Annex VIII: Participation in investigations abroad
- Annex IX: Pooling of information
- Annex X: Assistance in action against the smuggling of narcotic drugs and psychotropic substances
- Annex XI: Assistance in action against the smuggling of works of art, antiques and other cultural property

## Annex VI: OTHER WCO CONVENTIONS

The Conventions and Recommendations presented here were designed to solve certain specific customs problems. A number of these earlier instruments are referred to by certain provisions of the Annexes to the Kyoto Convention. These provisions also urge Contracting Parties to the Kyoto Convention to accede to the other earlier Conventions.

### *1. Customs Convention on the temporary importation of packings*

This Convention meets a wish frequently expressed by representatives of international trade for the extension of temporary duty free, important procedures to packings. The Contracting Parties undertake to grant temporary admission to packings, subject to the conditions specified in the Convention, and to accept an undertaking to re-export the packings in lieu of security wherever the customs authorities deem this possible. This Convention will be terminated and replaced by Annex B.3. of the Istanbul Convention

### *2. Customs Convention on the temporary importation of professional equipment:*

This Convention is designed to facilitate the international exchange of specialized skills and techniques by the introduction of general rules on the temporary duty-free importation of professional equipment. It has three Annexes, one relating to equipment for the pressor for sound and television broadcasting, one to cinematographic equipment and the third to other professional equipment. The Convention will be terminated and replaced by Annex B.2. of the Istanbul Convention

### *3. Customs Convention concerning customs facilities for the importation of goods for display or use at exhibitions, fairs, meetings or similar events*

The purpose of this Convention is to facilitate the display of goods at exhibitions, fairs, meetings or similar events of a commercial, technical, religious, educational, scientific, cultural or charitable nature. It deals, in particular, with the temporary admission of goods and equipment for display or use at an event, the waiving of import duties in respect of certain goods (small samples, printed matter, catalogues, etc.), and the simplification of formalities on importation and re-exportation. This Convention will be terminated and replaced by Annex B.1. of the Istanbul Convention

### *4. Customs Convention concerning welfare material for seafarers*

This Convention was drawn up by the Council on the initiative of and in consultation with the International Labour Organization. Its aim is to promote the welfare of seafarers on ships engaged in international maritime traffic. Contracting Parties undertake to grant facilities in respect of welfare material for use on board foreign ships and, unless a reservation is entered in this respect, to welfare material for use in welfare establishments ashore. This Convention will be terminated and replaced by Annex B.5. of the Istanbul Convention

### *5. Customs Convention on the temporary importation of scientific equipment*

This Convention helps to materialize the principle of the "free flow of ideas" which has been advocated and promoted by UNESCO for more than twenty years. It removes certain difficulties encountered in the implementation of the 1950 Florence Agreement and supplements, with regard to scientific equipment the professional equipment Convention and the fairs and exhibitions Convention which were also drawn up by the Council in co-operation with UNESCO. The Contracting Parties undertake to grant temporary admission, free of duties and taxes, to instruments, apparatus, machines or accessories therefor which are to be used

for purposes of scientific research or education by "approved institutions" and to reduce the attendant customs formalities. This Convention will be terminated and replaced by Annex B.5. of the Istanbul Convention

6. *Customs Convention on temporary importation of pedagogic material*

This Convention is designed primarily to supplement, in the field of educational material, the Scientific Equipment Convention. It rounds off the work done by the WCO, in co-operation with UNESCO, in connection with the temporary importation of educational, scientific and cultural material. Under the Convention the Contracting Parties undertake to grant and facilitate the temporary admission, free of import duties and taxes, of pedagogic material which complies with the prescribed conditions (and with certain optional conditions which may be imposed by each Contracting Party). A non-limitative list of pedagogic material is annexed to and forms an integral part of the Convention. This Convention will be terminated and replaced by Annex B.5. of the Istanbul Convention

7. *Customs Convention on the ATA carnet or the temporary admission of goods (ATA Convention)*

On 1 March 1956 the Council adopted the Customs Convention regarding ECS carnets for commercial samples, which was designed to facilitate the temporary importation of commercial samples duty-free. In view of the success of the ECS carnet, in 1961 the Permanent Technical Committee established the Customs Convention on the ATA carnet for the temporary admission of goods. This carnet can be used not only for commercial samples but also for goods temporarily imported under

- other international Conventions concerning temporary admission to which the State concerned is a Contracting Party (e.g. Conventions on professional equipment, on exhibitions and fairs, etc.);
- national regulations on temporary admission.

The ATA Convention seeks to eliminate the two main difficulties encountered whenever goods are temporarily imported, namely the need to make out a customs declaration on a national form and the necessity of furnishing security for the payment of the customs duties and other taxes chargeable in case of failure to re-export. This double aim is achieved by the ATA carnet which is an international customs document issued and guaranteed by associations approved by the customs and affiliated to an international chain (e.g. Chambers of Commerce). Some years ago, it was decided that the ATA carnet should replace the ECS carnet, in view of the latter's limited scope. This replacement has continued progressively and now only one international document is in use for temporary duty-free admission operations. The ATA Convention will be terminated and replaced by Annex A of the Istanbul Convention

8. *Customs Convention on the international transit of goods (ITI Convention) (not in force)*

This Convention was prepared to deal with emerging patterns in international traffic, particularly the wide spread use of intermodal freight containers. The basic aim of the Convention is to provide the customs with the possibility of carrying out their essential controls without creating transport delays, thus permitting transport operators to enjoy fully the advantages of the through-transport concept.

9. *Customs Convention on containers*

The Convention has two main objectives. First, it provides for temporary importation of containers, free of import duties and taxes, and free of import prohibitions and restrictions if re-exported within three months from the date of importation; such temporary admission of containers shall be granted without the production of customs documents being required on their importation and re-exportation and without the furnishing of a form of security (Articles 3-11).

Secondly, the convention provides for approval of Containers for transport under customs seal. Containers approved by a Contracting Party as complying with the relevant provisions laid down in the Convention shall be accepted by other Contracting Parties for any system of international carriage involving such sealing. The Convention also lays down standards for the construction of containers.

Annex VII: WCO RECOMMENDATIONS

1. *Recommendations concerning co-operation between administrations*
  - a. Recommendation concerning the treatment at an international level of customs technical questions, (30 November 1956)
  - b. Recommendation on the communication of information concerning the customs status of goods, (22 May 1963)
  - c. Recommendation to facilitate the temporary exportation of goods sent from one country of manufacture, processing or repair in another, (3 December 1963)
  - d. Recommendation concerning the technical co-operation in customs matters, (18 June 1981)
2. *Recommendations concerning duty reliefs, repayments and remission*
  - a. Recommendation concerning the repayment or remission of duties on goods refused by the importer as not conforming to contract, (28 November 1957)
  - b. Recommendation concerning tax-free shops, (16 June 1960)
  - c. Recommendation concerning the repayment or remission of import duties and taxes on goods destroyed or lost, (5 December 1962)
  - d. Recommendation concerning the free admission of removable articles imported on transfer of residence, (5 December 1962)
  - e. Recommendation concerning the refund of import duties and taxes on shortages, (5 December 1962)
  - f. Recommendation concerning reimported goods, (6 June 1967)
  - g. Recommendation concerning the free admission of gift consignments (11 June 1968)
  - h. Recommendation to expedite the forwarding of relief consignments in the event of disasters (8 June 1970)
  - i. Recommendation on the customs treatment of products imported for testing, (5 June 1972)
3. *Recommendations concerning transport, travel and tourism*
  - a. Recommendation concerning the use of temporary importation papers in respect of radio and television vans, (1 December 1955)
  - b. Recommendation on the temporary admission of radio and television vans, (9 June 1977)
  - c. Recommendation on the temporary admission of radio and television production and broadcasting equipment, (13 June 1985)



- d. Recommendation concerning the customs treatment of provisions carried in restaurant cars, Pullman cars, sleeping cars and similar cars on international express trains, (16 June 1960)
- e. Recommendation concerning the customs treatment of registered baggage carried by rail, (5 June 1962, amended on 21 June 1988)
- f. Recommendation concerning customs sealing systems in connection with the international transport of goods, (11 June 1968)
- g. Recommendation concerning the application of a flat rate assessment system to goods sent in small consignments to private individuals or carried in travellers' baggage (flat rate assessment), (11 June 1968)
- h. Recommendation for a simplified customs control, based on the dual channel system, of passengers arriving by air, (8 June 1971)
- i. Recommendation for a simplified customs control, based on the dual channel system, of passengers arriving by sea, (5 June 1972)
- j. Recommendation concerning lighters carried by lash or similar-type vessels (5 June 1992)
- k. Recommendation concerning measures to facilitate the application of the ITI Convention, (18 May 1973)
- l. Recommendation concerning the temporary admission of special equipment carried in vehicles used for in connection with the transport of radio-active materials, (9 June 1977)
- m. Recommendation concerning the establishment of links between customs transit systems, (16 June 1982)
- n. Recommendation concerning the acceptance of ATA carnets in connection with temporary admission, (25 June 1992)
- o. Recommendation concerning the acceptance of CPD carnets in connection with temporary admission, (25 June 1992)

4. *Recommendations concerning computers*

- a. Recommendation concerning the transmission and authentication of goods declarations which are processed by computer, (16 June 1981)
- b. Recommendation concerning the production of goods declarations by means of computer or other automatic printers, (16 June 1982)
- c. Recommendation concerning the use of the ISO Alpha-2 country code for the representation of names of countries, (16 June 1982)
- d. Recommendation concerning the use of codes for the representation of modes of transport, (16 June 1982)
- e. Recommendation concerning the use of codes for the representation of data elements, (22 May 1984)

- f. Recommendation concerning the use of UN/EDIFACT rules for electronic data interchange, (26 June 1990)
- g. Recommendation concerning the use of the United Nations Trade Data Elements Directory (UNTDDED), (26 June 1990)
- h. Recommendation concerning the use of the CCC/IATA data interchange standards, (21 June 1988)
- i. Recommendation concerning the adherence to standards in relation to data requirements for advance passenger information (API), (6 July 1993)
- j. Recommendation concerning the transmission and authentication of customs information which is processed by computer.

5. *Other recommendations*

- a. Recommendation on samples to be regarded as being of negligible value within the meaning of the international convention to facilitate the importation of commercial samples and advertising materials, (30 November 1956)
- b. Recommendation concerning the adoption of a layout key for the goods declaration (outwards), (1 June 1965)
- c. Recommendation concerning the right of appeal in customs matters, (6 June 1967)
- d. Recommendation concerning the adoption of a standard form of certificate of origin, (16 January 1973)
- e. Recommendation concerning customs requirements regarding commercial invoices, (16 May 1979)
- f. Recommendation concerning the single goods declaration, (26 June 1990)
- g. Recommendation concerning the use of the glossary of international customs terms, (6. July 1993)

Annex VIII: WCO INTERNATIONAL CUSTOMS NORMS

1. Right of Appeal in customs matters
2. Clearance of goods for home use. The declarant and the declaration of goods
3. Information concerning the tariff classification of goods, supplied by and binding on the customs administration (tariff information)
4. Payment or remission of import duties and taxes on goods destroyed or lost
5. Repayment or remission of import duties and taxes on goods believed to be contained in a consignment which, after clearance, is found not to have contained those goods at the time of importation (Repayment of import duties and taxes on shortages)
6. Free admission of removable articles imported by a natural person on transfer of residence from one country to another (Free admission of removable articles)
7. Temporary admission procedure
8. Customs warehousing procedure
9. Customs transit of imported goods
10. Drawback
11. Facilities granted in respect of re-imported goods, other than goods under the temporary exportation procedure (Re-imported goods)

Annex IX: DETAILED OVERVIEW OF UNCITRAL ACTIVITIES

A. *Conventions*

1. *International sale of goods and related transactions*

*Convention on the Limitation Period in the International Sale of Goods (New York, 1974).*

This Convention establishes uniform rules governing the period of time within which legal proceedings arising from an international sales contract must be commenced. It has been amended by a Protocol adopted in 1980 when the *United Nations Sales Convention* (see below) was adopted. Both the original Convention and the Convention as amended entered into force on 1 August 1988. There are currently 20 States parties to the Convention, of which 14 are parties to the Convention as amended.

*United Nations Convention on Contracts for the International Sale of Goods (Vienna, 1980)*

This Convention establishes a comprehensive code of legal rules governing the formation of contracts for the international sale of goods, the obligations of the buyer and seller, remedies for breach of contract and other aspects of the contract. The Convention entered into force on 1 January 1988. There are currently 45 States parties to the Convention.

2. *International transport of goods*

*United Nations Convention on the Carriage of Goods by Sea, ( 1978) (the "Hamburg Rules")*

This Convention establishes a uniform legal regime governing the rights and obligations of shippers, carriers and consignees under a contract of carriage of goods by sea. It was prepared at the request of developing countries and its adoption by States has been endorsed by such intergovernmental organizations as UNCTAD, Asian-African Legal Consultative Committee and the Organization of American States. The Convention entered into force on 1 November 1992. There are currently 25 States party to the Convention.

*United Nations Convention on the Liability of Operators of Transport Terminals in International Trade*

This Convention sets forth uniform legal rules governing the liability of a terminal operator for loss of and damage to goods involved in international transport while they are in a transport terminal, and for delay by the terminal operator in delivering the goods. The draft Convention was adopted by a diplomatic conference and opened for signature, ratification and accession on 19 April 1991. The Convention will enter into force upon the deposit of 5 instruments of ratification, acceptance, approval or accession. Up to now only 1 instrument of accession has been deposited.

3. *International commercial arbitration and conciliation*

*Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958)*

Although the Convention was prepared by the United Nations prior to the existence of UNCITRAL, promotion of the Convention is an integral part of the Commission's programme of work. As its name indicates, it provides for the recognition and enforcement of arbitral awards rendered in foreign countries. At present 110 States are party to it.

#### 4. *International Payments*

*United Nations Convention on International Bills of Exchange and International Promissory Notes (New York, 1988)*

This Convention provides a comprehensive code of legal rules governing new international instruments for optional use by parties to international commercial transactions. It is designed to overcome the major disparities and uncertainties that currently exist in relation to instruments used for international payments. The Convention applies if the parties use a particular form of a negotiable instrument indicating that the instrument is subject to the UNCITRAL Convention. The Convention was adopted and opened for signature by the General Assembly at its 43rd session in December 1988. 10 ratifications or accessions are necessary for the Convention to come into force. The Convention has been acceded to by 2 States to date.

*United Nations Convention on Independent Guarantees and Stand-by Letters of Credit (New York, 1995)*

The Convention was adopted by the General Assembly on 11 December 1995 and is now open for signature and ratification/accession. It is designed to facilitate the use of independent guarantees and stand-by letters of credit, in particular where only one or the other of those instruments may be traditionally in use. The Convention also solidifies recognition of common basic principles and characteristics shared by the independent guarantee and the stand-by letter of credit. The Convention will enter into force upon the deposit of 5 instruments of ratification, acceptance, approval or accession.

#### Other instruments developed by UNCITRAL:

##### 1. *International sale of goods and related transactions*

*UNCITRAL Legal Guide on International Countertrade Transactions*

The purpose of the Legal Guide, adopted in 1992, is to assist parties negotiating international countertrade transactions. It identifies legal issues involved in such transactions and discusses possible contractual solutions.

##### 2. *International commercial arbitration and conciliation*

*UNCITRAL Arbitration Rules (1976)*

The UNCITRAL Arbitration Rules provide a comprehensive set of procedural rules upon which parties may agree for the conduct of arbitral proceedings arising out of their commercial relationship. The Rules are widely used in many contexts. Recommendations to assist arbitral tribunals and other interested bodies with regard to arbitrations under the UNCITRAL Arbitration Rules (1982).

*UNCITRAL Conciliation Rules (1980)*

When parties to a commercial dispute wish to settle their disputes amicably through conciliation, they may agree upon this set of procedural rules to govern the conciliation proceedings. UNCITRAL Model Law on International Commercial Arbitration (1985). The UNCITRAL Model Law is designed to assist States in reforming and modernizing their laws on arbitral procedure so as to take into account the particular features and needs of international commercial arbitration. It was adopted by UNCITRAL in 1985 and has already been enacted into law by a considerable number of jurisdictions from both developed and developing countries.

*UNCITRAL Notes on Organizing Arbitral Proceedings (1996)*

The Notes are designed to assist arbitration practitioners by providing an annotated list of matters on which the arbitral tribunal may wish to formulate decisions during the course of arbitral proceedings. The text, which is in no way binding, may be used whether or not the arbitration is administered by an arbitral institution.

3. *International Payments*

*UNCITRAL Legal Guide on Electronic Funds Transfers*

The Legal Guide, which was published in 1987, identifies the legal issues arising from the transfer of funds by electronic means and discusses possible approaches for dealing with those issues.

*UNCITRAL Model Law on International Credit Transfers (1992)*

The Model Law, adopted in 1992, deals with operations beginning with an instruction by an originator to a bank to place at the disposal of a beneficiary a specified amount of money. It covers such matters as the obligations of a sender of the instruction and of a receiving bank, time of payment of a receiving bank and liability of a bank to its sender or to the originator when the transfer is delayed or other error occurs.

4. *Electronic commerce*

*Recommendation on the Legal Value of Computer Records (1985)*

*UNCITRAL Model Law on Electronic Commerce*

The Model Law, adopted in 1996, is intended to facilitate the use of modern means of communications and storage of information, such as electronic data interchange (EDI), electronic mail and telecopy, with or without the use of such support as the Internet. It is based on the establishment of functional equivalent for paper-based concepts such as "writing", "signature" and "original". By providing standards by which the legal value of electronic messages can be assessed, the Model Law should play a significant role in enhancing the use of paperless communication. In addition to general norms, the Model Law also contains rules for electronic commerce in specific areas, such as carriage of goods. With a view to assisting executive branches of Governments, legislative bodies and courts in enacting and interpreting the Model Law, the Commission has produced a *Guide to Enactment of the UNCITRAL Model Law on Electronic Commerce*.

*Other products of the work of UNCITRAL include:*

Provisions on a universal unit of account and on adjustment of the limit of liability in international transport conventions (1982);

Uniform Rules on Contract Clauses for an Agreed Sum Due upon Failure of Performance (1983);

*Assistance to countries considering adoption of texts*

On request, the UNCITRAL Secretariat is prepared to give technical assistance and advice to States that may be considering adoption of one of the legal texts prepared by the Commission. Such assistance often involves review of proposed legislation.

*Training in international trade law*

National and regional seminars on international trade law. The Commission has undertaken to organize national and regional seminars and briefing missions on international trade law for the purpose of promoting knowledge about the work of the Commission, primarily in developing countries, with a view to the adoption and use of its texts by those countries.

Annex X: DETAILED OVERVIEW OF THE IMO CONVENTION ON FACILITATION OF INTERNATIONAL MARITIME TRAFFIC (FAL) AND ITS AMENDMENTS

Measures facilitate the arrival, stay and departure of ships of coastal and non-coastal contracting States by simplifying and reducing to a minimum the formalities, documentary requirements and procedures. This includes all documents pertaining to the ship and its passengers, baggage, crew, cargo and mail which are required by Customs, Immigration, Health, and other public authorities.

The Annex to the Convention contains provisions relating to the arrival, stay and departure of ships and persons, health and quarantine, and sanitary measures for plants and animals. These provisions are divided into Standards and Recommended Practices, and the documents which should be required by Governments are listed. Countries that cannot comply with standards must inform the IMO of the differences between its own practices and the standards in question. Most important Standard of the Convention is Standard 2.1, which lists 8 documents which public authorities can demand of a ship and recommends the maximum information and number of copies which should be required. IMO has developed six of these documents. These are: IMO general declaration, cargo declaration, ship's stores declaration, crew's effects declaration, crew list, passenger list.

The Convention has been amended several times. Since 1973, the 'tacit acceptance' procedure is in force, allowing for an easier update of the Convention. The 1986 amendments were designed primarily to reduce 'red tape' and in particular to enable automatic data processing techniques to be used in shipping documentation. The 1987 amendments simplify the documentation required by ships including crew lists, and also facilitate the movement of ships engaged in disaster relief work and similar activities. The 1990 amendments revise several recommended practices and add others dealing with drug trafficking and the problems of the disabled and elderly. They encourage the establishment of national facilitation Committees and also cover stowaways and traffic flow arrangements. The 1992 amendments concern the Annex to the Convention and deal with the following subjects: electronic data processing/electronic data interchange (EDP/EDI), private gift packages and trade samples, consular formalities and fees, submission of pre-import information, clearance of specialized equipment, AND falsified documents. The 1993 amendments (to the Annex to the Convention) deal with unmanifested parcels and the handling of stowaways.

The 1996 amendments have entered into force on 1 May 1997. The amendments affect standards and recommended practices contained in the annex and deal with the following subjects: the Passenger List; the establishment of national maritime transport facilitation committees; the development of procedures, including electronic data interchange (EDI), to allow for the submission of advance information to enable the use of selectivity techniques to facilitate customs clearance; and the declaration of the personal effects of cruise passengers. New standards have been added concerning inadmissible persons; the obligations of shipowners to transport persons; and co-operation between Governments and shipowners to establish the validity of passports and visas. A new recommended practice has been added on immigration pre-arrival clearance.

*Other tasks of IMO and international cooperation*

In order to assure widespread implementation of its Conventions and other legal instruments, IMO has developed a technical co-operation programme which is designed to assist Governments which lack the technical knowledge and resources that are needed to operate a shipping industry successfully. The IMO entertains consultative relationships with other UN agencies, as well as with intergovernmental organizations such as the WCO and the OECD. Among non-governmental organizations which work on facilitation related issues, the IMO cooperates with the IAPH, ISO, ICC, ICS, and IRU.



Annex XI: ICC INTERNATIONAL CUSTOMS GUIDELINES

Key points of the *ICC International Customs Guidelines* include that:

- Customs should rely much more on automation and electronic information systems;
- Documentation requirements should be reduced and harmonized between countries. Commercial documents should be accepted by customs administrations as export declaration instead of completion of an official form; electronic data submission based on EDI should be optional.
- Modern clearance techniques should be applied, such as pre-arrival clearance and post-clearance controls to avoid delays at the borders. Automation for payments should be in place.
- The workforce should be highly professional and well-trained; an internal security unit should scrutinize employee integrity.
- Customs Regulations should be transparent and publicly available. To improve cooperation between traders and customs Memoranda of Understanding should be concluded. Business should have access to high level officials inside the customs authorities. Ombudsmen should be appointed to serve as channels between customs administrations and the business community.
- International agreements should be adhered to. Agreements mentioned are transit agreements, the WTO Valuation Agreement, the HS Convention, the Kyoto Convention, the (future) WTO Rules of Origin.

## Annex XII: ICC BUSINESS TOOLS

ICC *INCOTERMS*, 13 standard trade definitions with clearly laid out legal obligations for use in contracts. The use *INCOTERMS*, currently in its 1990 version, eliminates the possibility of misunderstanding and dispute. UN/ECE advocates the use of *INCOTERMS* in its Trade Facilitation Recommendation # 5.

*UCP (Uniform Customs and Practice for Documentary Credits)*, which is a widely followed system in the conduct of settling payments for imports and exports through documentary credit operations. Its latest version, UCP 500 has been in effect since 1994.

*DOCDEX (Documentary Credit Expertise System)*, a system that seeks to provide independent, impartial and expert recommendations to resolve disagreements over letters of credit.

Jointly with UNCTAD, the ICC developed *Rules for Multimodal Transport Documents*. These rules, based on the Hague and Hague-Visby rules for liability, are intended to help the user avoid a multiplicity of different regimes governing multimodal transport. The UNCTAD/ICC rules can be used by operators as a basis for a multimodal transport contract.

*UNCID (Uniform Rules of Conduct for Interchange of Trade Data by Teletransmission)*, which aims at facilitating the interchange of trade data effected by teletransmission, through the establishment of agreed rules of conduct between parties engaged in such transmission. The UNCID rules are included In the United Nations Trade Data Interchange Directory (TDID).

The *ICC Model Distributorship Contract*, which provides a set of uniform contractual rules for distributorship agreements where distributors act as buyers-resellers and as importers who organize distribution in a country.

The *ICC Model Agency Contract*, which incorporates prevailing international trade practice and principles generally recognized by domestic laws with regard to agency agreements.

It is currently designing an “*ICC Model Sale Contract*” for international merchandise trade.

In cooperation with the WCO, the ICC administers the *ATA Carnet System* (duty-free temporary import of goods).

Annex XIII: ADDITIONAL INFORMATION ON IRU ACTIVITIES

The IRU is currently producing *IRU standard models for international Road transport*, and a *IRU standard contract model for co-operation between freight forwarders and road transport operators in the framework of international transport*.

The IRU operates a great deal through lending its expertise on road transport matters to various international bodies. It works closely with the Inland Transport Committee of the UN ECE, where it tables proposals on issues including customs affairs, transit of third countries, vehicle construction, road safety, the carriage of dangerous goods and of perishable foodstuffs, and combined transport. The numerous international conventions signed under the auspices of the United Nations have been drafted with the active participation of IRU experts. They include: the *Convention on the Contract for the International Carriage of Goods by Road (CMR)*, and the *European Agreement concerning the Carriage of Dangerous Goods by Road (ADR)*. Granted consultative status by UN Economic and Social Council in 1949, the IRU actively participates in the work of the Economic Commissions for Latin America, for Africa, and for Asia and the Pacific, as well as in that of the UN Conference for Trade and Development (UNCTAD). Liaison Committees with the EU exist on professional transport of persons, professional transport of goods, and transport on own account. Moreover, the IRU is actively cooperating with the WCO, the ICC, and other professional organizations.

Annex XIV: FIATA TRADE FACILITATION DOCUMENTS

FIATA represents the interests of the freight forwarding industry through participation as advisers or experts in meetings of international bodies dealing with transportation. FIATA is globally recognized as the official representative organization for freight forwarding service. Through its members and its 2300 associate members (individual freight forwarders), FIATA is estimated to reach out to some 40,000 companies worldwide

*FIATA trade facilitation documents:*

- FIATA FBL (Negotiable FIATA Multimodal Transport Bill of Lading) which is recognized by the ICC and its members worldwide;
- FIATA FWR (FIATA Warehouse Receipt);
- FIATA FCR (FIATA Forwarders Certificate of Receipt);
- FIATA FCT (FIATA Forwarders Certificate of Transport);
- FIATA FFI (FIATA Forwarding Instructions);
- FIATA Model Rules of Freight Forwarding Services;
- FIATA SDT (FIATA Shippers Declaration for the Transport of Dangerous Goods);
- The Air Waybill recommended by FIATA for use by Freight Forwarders.

The “*FIATA Customs Clearance Manual*”, intended for daily use of freight forwarder, is based on the Kyoto Convention and the Harmonized System. The “*Facilitation Manual*” is based on Recommendations by the UN ECE WP.4.

*Other FIATA activities*

Assistance to the freight forwarding industry through training (e.g. The joint IATA/FIATA training programme to educate freight forwarders in the handling of air cargo), help with liability insurance problems and implementation advice for electronic data interchange. For all FIATA transport documents exist EDI messages based on UN/EDIFACT. For EDI transmission of FIATA documents, EDIFOR (EDI for the Forwarding Industries) guidelines were developed by FIATA.

FIATA’s work is organized in so-called “Institutes”, working groups that identify problems in certain sectors, and work towards solutions, either through international organizations or through direct contact with administrations. Three institutes exist presently:

- \*Multimodal transport Institute
- \*Airfreight Institute
- \*Customs and Facilitation Institute.

Annex XV: UNITED NATIONS CONVENTIONS RELATING TO TRADE FACILITATION

- Convention on Transit Trade of Land-Locked States, 1965
- Agreement providing for the provisional application of the Draft International Customs Conventions on Touring, on Commercial Road Vehicles and on the International Transport of Goods by Road, 1949
- Additional Protocol to the Agreement providing for the provisional application of the Draft International Customs Conventions on Touring, on Commercial Road Vehicles and on the International Transport of Goods by Road, 1949
- Additional Protocol to the Agreement providing for the provisional application of the Draft International Customs Conventions on Touring, on Commercial Road Vehicles and on the International Transport of Goods by Road, relating to the international transport of goods by container under the TIR Carnet Régime, 1950
- Additional Protocol amending certain provisions of the Agreement providing for the provisional application of the Draft International Customs Conventions on Touring, on Commercial Road Vehicles and on the International Transport of Goods by Road, 1952
- International Convention to Facilitate the Importation of Commercial Samples and Advertising Material, 1952
- Convention concerning Customs Facilities for Touring, 1954
- Additional Protocol to the Convention concerning Customs Facilities for Touring, relating to the Importation of Tourist Publicity Documents and Material, 1954
- Customs Convention on the Temporary Importation of Private Road Vehicles.
- Customs Convention on Containers, 1956
- Customs Convention on the Temporary Importation of Commercial Road Vehicles, 1956
- Customs Convention on the Temporary Importation for Private Use of Aircraft and Pleasure Boats, 1956
- Customs Convention concerning Spare Parts used for repairing Europe Wagons, 1958
- Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention), 1959
- European Convention on Customs Treatment of Pallets Used in International Transport, 1960
- Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention), 1975
- International Convention on the Harmonization of Frontier Controls of Goods, 1982
- Convention on Customs Treatment of Pool Containers Used in International Transport, 1994

- International Convention to Facilitate the Crossing of Frontiers for Goods carried by Rail, 1952
- United Nations Convention on the Carriage of Goods by Sea, 1978
- United Nations Convention on International Multimodal Transport of Goods, 1980