

WORLD TRADE ORGANIZATION

RESTRICTED

G/C/W/70

28 February 1997

(97-0887)

Council for Trade in Goods
11 March 1997

TRADE FACILITATION

Background Note by the Secretariat

I. Introduction

1. 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).

2. Following this directive, 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, at the next meeting of the CTG scheduled for 11 March 1997, an overview of the organizations from which it had obtained information, as well as areas of trade facilitation in which these organizations have undertaken work (G/C/M/17). The present note responds to this request for preliminary information.

3. It must be noted that trade facilitation is a concept that can cover a broad range of activities. The Secretariat has contacted those international organizations which are known to be active in the area, whether through administering conventions, agreements or other instruments, providing technical assistance and/or setting standards. In this context it is important to note that this work cuts across any and all sectors of economic and commercial activity. Therefore, the exploratory work has not confined itself to any specific sectors but has been guided by the sectors in which the various organizations are working.

II. **Organizations contacted**

4. The following organizations, which have been contacted by the Secretariat, have provided information, either through direct contacts or written material, on their activities. A short description of the areas in which their activities are focused, based on the information provided orally or through written materials, is also provided below.

A. **International inter-governmental organizations**

(i) *United Nations Conference on Trade and Development (UNCTAD)* - UNCTAD originally co-operated with the UN ECE by providing technical assistance to implement the standards developed by the UN ECE. After the Cartagena Conference in 1992¹, UNCTAD began its own initiatives in the context of its "Special Programme for Trade Efficiency". Its objective is to facilitate and encourage participation of developing countries and particularly small and medium sized enterprises in international

¹ UNCTAD VIII, held at Cartagena de Indias, Colombia, February 1992.

trade. Its main activities focus on the Trade Point Programme and the Trade Point Global Network for disseminating information²; on drawing up and implementing practical recommendations and guidelines through cooperation with other organizations on customs matters (WCO), information for trade (ITC), business practices and trade facilitation (UN ECE), transport, banking and insurance, and telecommunications; and technical assistance through the TRAINFORTRADE program, the ASYCUDA customs reform program, and other informatics assistance.

(ii) *United Nations Commission on International Trade Law (UNCITRAL)* - UNCITRAL was established to pursue the harmonization and unification of the law of international trade through the development of UN conventions. Main areas of activity include preparing conventions on the international sale of goods and related transactions (United Nations Convention on Contracts for the International Sale of Goods), international transport of goods (United Nations Convention on the Carriage of Goods by Sea) and the preparation of rules for international commercial arbitration and conciliation.

(iii) *United Nations Economic Commission for Europe (UN ECE)* - UN ECE is active in trade facilitation through the Working Party on the Facilitation of International Trade Procedures (WP.4), which is being replaced by the Centre for Facilitation of Procedures and Practices for Administration, Commerce and Transport (CEFACT). WP.4 developed and issued 26 Recommendations which contain tools for efficient procedures in the form of standards, recommended practices, model procedures in a variety of areas (codes and abbreviations, invoice layout key, transport, terms of payment, packing, customs, EDI, etc.) relating to international trade. UN ECE developed and maintains the United Nations Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT) which is the only international standard for Electronic Data Interchange. The UN ECE is also building a Model of International Trade Transaction (ITT) whose eventual goal is to provide a framework that identifies the stages of the trading process and directs the actions therein.

(iv) *United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP)* - In cooperation with the UN ECE in many of the latter's activities, UN ESCAP is involved in training of the UN/EDIFACT, information exchange through computer linkages, and technical assistance in the countries of Asia and the Pacific.

(v) *International Civil Aviation Organization (ICAO)* - ICAO's activities comprise facilitation of international air traffic and air transport services through the Convention on International Civil Aviation. The Convention includes standards and recommended practices designed to facilitate international movement of goods by air.

(vi) *International Maritime Organisation (IMO)* - Through the administration of the Convention on the Facilitation of International Maritime Traffic, the IMO pursues the simplification, reduction and uniformity of formalities, procedures and documentary requirements relating to maritime transport. The Convention contains standards and recommended practices to facilitate international maritime traffic and prevent unnecessary delays to ships, passengers and cargoes.

(vii) *International Trade Centre (ITC)* - The ITC does not develop any of its own standards or guidelines in this area but provides technical assistance on the practical applications of those developed and maintained by the UN ECE and the ISO. They work 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.

² The Trade Point Programme and the Global Trade Point Network were officially launched at the United Nations International Symposium on Trade Efficiency, Columbus, Ohio, USA, October 1994.

(viii) *Organisation for Economic Cooperation and Development (OECD)* - The OECD Trade Committee covers a host of market access issues which touch in part on aspects of trade facilitation. Among other topics, work has been carried out on issues of regulatory reform and electronic commerce. Under OECD auspices, the Arrangement on Guidelines for Officially Supported Export Credits was concluded. This Arrangement provides the institutional framework for an orderly export credit market involving official intervention.

(ix) *World Bank* - The World Bank finances technical assistance projects and activities related to trade facilitation. These activities are dispersed among the regional centres of the Bank. One project was carried out in co-operation 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 trade facilitation.

(x) *World Customs Organization (WCO)* - Core activities of the WCO comprise work on simplification and harmonization of customs procedures through development and administration of conventions, such as the Kyoto Convention and the Istanbul Convention on Temporary Admission. Through its Customs Reform and Modernization Programme, the WCO seeks to increase customs efficiency and advocates co-operation between customs administrations. Other activities include the development and maintenance of rules concerning tariff nomenclature in the Harmonised Commodity Description and Coding System (HS System), customs compliance and combat of corruption (Arusha Declaration). In co-operation with the WTO, the Technical Committee on Customs Valuation and the Technical Committee on Rules of Origin (for the harmonization of non-preferential rules of origin) operate under the auspices of the WCO.

B. International non-governmental organizations

(xi) *International Air Transport Association (IATA)* - IATA's work embraces virtually every aspect of the air transport industry including technical, operational, legal and security matters as well as facilitation (cutting red tape and streamlining procedures at airports).

(xii) *International Chamber of Commerce (ICC)* - Through its Committee on Customs and Trade Regulations, the ICC seeks to synthesize the business view on trade facilitation issues. It promotes and develops instruments that aim at harmonization of commercial practices among traders and developed the ICC International Customs Guidelines. In 1996, the ICC concluded a co-operation agreement with the WCO to promote and support customs reform. The ICC has also established close working relationships with UNCTAD and the UN ECE.

(xiii) *International Chamber of Shipping (ICS)* - The ICS co-ordinates the views of the international shipping industry on matters of common interest, in the policy-making, technical and legal fields of shipping operations. It works on harmonization and simplification of commercial trade practices related to maritime transport; development of the ICS Standard Bill of Lading, which is used worldwide as a model for the design of B/L forms.

(xiv) *International Organization for Standardization (ISO)* - Although its purpose is to develop and harmonize global standards to reduce inefficiencies in international commercial transactions, specific trade facilitation activities relate to working with 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 as ISO 3166 which contains country codes; and it worked with UN ECE on ISO 4217 which contains an alphabetic code for the representation of currencies, etc. In addition, ISO is working with UN ECE and the International Electrotechnical Commission on defining the baseline units of 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.

(xv) *International Road Transport Union (IRU)* - The IRU works on simplifying and reducing formalities, procedures and documentary requirements relating to road transport. The IRU is the international guarantor of the TIR system (Customs Convention on the International Transport of Goods Under Cover of TIR Carnets), established in 1959 under the auspices of the United Nations Economic Commission for Europe.

In addition, information has been requested from the *International Association of Ports and Harbours*.

C. Regional Organizations and free trade agreements or customs unions

With regard to trade facilitation initiatives within and between regional organizations and free trade agreements or customs unions, the following have been contacted by the Secretariat:

APEC

ASEAN

EUROPEAN UNION

MERCOSUR

NAFTA

III. Provisions in the WTO (Uruguay Round Agreements and the GATT 1994) related to trade facilitation

GATT 1994 - Article V (Freedom of Transit); Article VII (Valuation for Customs Purposes); Article VIII (Fees and Formalities connected with Importation and Exportation); Article IX (Marks of Origin); and Article X (Publication and Administration of Trade Regulations).

Uruguay Round Agreements - Agreement on Import Licensing; Agreement on Rules of Origin; Agreement on Implementation of Article VII of the GATT 1994 (Customs Valuation Agreement); Agreement on Technical Barriers to Trade; Agreement on Preshipment Inspection.