

UNICE Position on a future WTO Agreement on Trade Facilitation

TABLE OF CONTENTS

EXECUTIVE SUMMARY

1. INTRODUCTION	2
1.1. PRELIMINARY REMARKS ON TRADE FACILITATION AND CUSTOMS RULES.....	2
1.2. TOWARDS A NEW TRADE FACILITATION RATIONALE	3
2. TRADE FACILITATION AND DEVELOPMENT	4
2.1. BETTER INTEGRATION OF DEVELOPING COUNTRIES IN THE INTERNATIONAL TRADING SYSTEM.....	4
2.2. BETTER COORDINATION OF CAPACITY-BUILDING AT INTERNATIONAL LEVEL.....	4
2.3. THE IMPACT OF SIMPLIFIED PROCEDURES ON DEVELOPMENT.....	5
3. STRUCTURE AND SCOPE OF A WTO TRADE FACILITATION AGREEMENT	6
3.1. A TRADE FACILITATION AGREEMENT VIS-À-VIS EXISTING WTO AGREEMENTS	6
3.2. KEY PRINCIPLES FOR EUROPEAN BUSINESS	7
3.2.1. Transparency.....	7
3.2.2. Non-discrimination.....	9
3.2.3. Least trade-restrictiveness.....	9
3.3. INCORPORATION OF THE REVISED KYOTO CONVENTION IN A BINDING WTO FRAMEWORK	10
4. TRADE FACILITATION AND ELECTRONIC TRANSMISSIONS	11
4.1. AUTOMATION AND INTERNATIONAL COOPERATION	11
4.2. USE OF INTERNATIONAL STANDARDS.....	12
5. CONCLUSION	12

EXECUTIVE SUMMARY

Customs rules are important for companies because they determine the administrative handling of their international transactions. UNICE does not contest these rules but points out that they are often incompatible with the rapidity and fluidity needed for the development of economic activity. Thus, trade facilitation, which can be defined as simplification, harmonisation and computerisation of customs rules, is one of its priorities. UNICE considers that it should be pursued at both bilateral and regional level, in a well structured manner, as well as in the forum of the World Customs Organisation (WCO) in order to prepare the ground for a multilateral trade facilitation agreement under the aegis of the World Trade Organisation (WTO). UNICE believes that the launch of a new WTO comprehensive round of multilateral trade negotiations would offer a favourable framework for obtaining such an agreement.

For UNICE, a WTO trade facilitation agreement would be advantageous for all WTO member countries and developing countries in particular. The legal certainty it would provide would give new impetus to trade and investment in these countries. To help LDCs to implement these new rules, technical assistance programmes tailored to meet the needs of each individual country should be developed.

This agreement should take the form of a framework agreement drawing more closely together existing WTO agreements concerned with border-crossing procedures. This agreement should be based on the following three key principles.

- 1) Transparency in order to limit the discretionary powers of customs and other government agencies involved in administering trade. This principle must encompass due process (international arbitration) and the "one-stop shop" concept (concentration and simplification of official controls in the hands of one agency).
- 2) Non-discrimination in order to guarantee even-handed treatment of operators. This principle should be applicable to import, export and other customs procedures. Measures that privilege certain traders (e.g. authorised transit operators) should remain non-discriminatory and not act to exclude certain kinds of company.
- 3) Least trade-restrictiveness in order not unduly to hamper trade right along the international transaction chain. This principle should make it possible to establish trade-facilitating disciplines which apply to both the objectives themselves and the procedural means to apply them (e.g. trade should be facilitated both at the level of rules and at the level of infrastructures).

The revised Kyoto Convention (adopted in June 1999, in WCO) should form the basis of a future WTO trade facilitation agreement. Emphasis should be placed on harmonisation and automation of rules governing means of payment, of transport/cargo procedures and documents, and simplification of technical and labelling requirements. This agreement should be binding on all WTO members and form part of the single undertaking.

Regarding trade facilitation and electronic transmissions, UNICE agrees with the European Commission that a future WTO trade facilitation agreement should encourage an extension of automation to all import and export administration procedures and to the different stages of the transport chain. This would make controls more efficient, and reduce costs and delays for business significantly.

UNICE will continue to participate actively in the debate currently under way on this subject.

1. INTRODUCTION

1.1. PRELIMINARY REMARKS ON TRADE FACILITATION AND CUSTOMS RULES

- ?? UNICE believes that the launch of a new comprehensive WTO round of multilateral trade negotiations will be the ideal framework for achieving an agreement on Trade Facilitation. An agreement in this area would make it possible to streamline customs regulations in parallel with the progressive lowering of customs duties. Trade facilitation should also be pursued at bilateral and regional level as this could prepare

the ground for a global trade facilitation agreement. This position paper complements UNICE's 19 March 1999 preliminary views on trade facilitation.

- ?? Customs rules are of paramount importance for companies, as they give them greater certainty in the administrative handling of their international transactions. To be effective these rules must be geared towards global market access, and incorporate important developments which, in recent years, have had a profound effect on the way companies operate. They must also contribute to the international harmonisation of practices, simplification of rules and co-operation with operators, and foster the coherence of customs administrative practices to companies.
- ?? In the field of international trade, UNICE does not envisage market opening without rules or customs controls. UNICE accepts the validity of customs disciplines in the European Union's foreign trade provided that such disciplines are compatible with the legitimate requirements of fluidity and rapidity which are indispensable for business development. Customs intervention is necessary to ensure good application of the regulatory mechanisms companies need for the security of their transactions.
- ?? Compliance with customs legislation - nationally and internationally - is normally enforced through customs administrations procedures ranging from physical border controls to administrative controls, and often a mixture of both. To alleviate the burden of these rules on operators, trade facilitation is an absolute necessity at international and Community level.
- ?? Globalisation of international trade - in which electronic trade is playing an increasing part - makes it necessary to reconsider the role of customs administrations in international trade. In collaboration with the business community, customs administrations should endeavour more actively to reconcile the effectiveness of their controls with the need for greater facilitation in international trade transactions. Efforts should be made to reach this objective not only at Community level, but also in international bodies.
- ?? At international level, common customs procedures, as embodied in different conventions, should be encouraged as they will facilitate exchange of essential information between customs administrations and operators. Also, international customs co-operation at both international and bilateral level should be furthered in co-operation with the business community.

- ?? UNICE would like to draw regulators' attention to the fact that trade facilitation also means a new and modernised role for customs officials which should be recognised as such in a future WTO agreement on trade facilitation. National customs backup (information sharing) should be structured in a WTO framework to avoid unjustified competitive advantages.
- ?? Greater consideration should also be given to practical customs constraints in negotiations on and follow-up of international agreements on movement of goods, as well as to fighting commercial fraud and unfair trade practices.

1.2. TOWARDS A NEW TRADE FACILITATION RATIONALE

- ?? In the light of soaring trade volumes, progressive reduction of customs duties in the framework of bilateral, regional or multilateral trade agreements, increasing trade and investment liberalisation, and mounting competitive pressure, customs procedures have become one of the biggest non-tariff barriers to trade.
- ?? To ensure that, in the fierce competition resulting from globalisation, companies obtain greater certainty in the administrative handling of their international transactions, UNICE believes that everybody has much to gain from a WTO agreement on trade facilitation (companies, consumers, customs and governments). It also believes that all aspects not directly related to trade should be left under the supervision of other fora or agencies (e.g. United Nations Economic Commission for Europe, World Customs Organisation, World Intellectual Property Organisation, United Nations Committee for Trade and Development, World Bank, etc.).
- ?? This would require a change of philosophy, i.e. making customs and world trade policy rules coherent with economic interests. UNICE therefore considers that incorporation of questions linked to simplification and harmonisation of customs procedures in a global and binding WTO framework cannot but make a decisive contribution to improving the situation of companies engaged in international trade. The time has come to go beyond the stage of simple statements of principle and to agree on highly practical provisions to facilitate trade.
- ?? The following chapters aim at proposing recommendations on interface between trade facilitation and development, a possible structure for a future WTO Trade Facilitation Agreement, GATT/WTO principles on which the agreement should be structured and on the appropriate interface between trade facilitation and electronic transmissions.

2. TRADE FACILITATION AND DEVELOPMENT

2.1. BETTER INTEGRATION OF DEVELOPING COUNTRIES* IN THE INTERNATIONAL TRADING SYSTEM

- ?? UNICE can agree with special and differential treatment provisions (S&DT) to give developing countries, where appropriate, extra time to comply with future WTO rules on trade facilitation, notably those linked to capacity-building, as well as non-reciprocal treatment of developing countries' goods and services. UNICE agrees with the EC view that a distinction should be made between commitments which could require time and resources for compliance, and commitments whose introduction would not be resource-intensive or where any outlay is recouped through efficiency gains or increased revenue. Measurable S&DT provisions, together with additional time for consultation in areas of interest to developing countries as well as capacity-building programmes with bilateral donors (and in cooperation with the private sector) will help to integrate developing countries more fully in the international trading system.
- ?? In this framework, UNICE also supports publication and notification by all WTO members of a "compendium on import and export procedures", which will contain all the references for all applied procedures, including sanitary and health obligations. This will help the WTO in its work on simplification and transparency and on better integration of these countries in the international trading system.

2.2. BETTER COORDINATION OF CAPACITY-BUILDING AT INTERNATIONAL LEVEL

- ?? UNICE agrees with the EC that any solution aimed at combining trade facilitation and development must ensure adequate funding, predictability, and long-term stability for WTO technical assistance. Adequate funding by itself is not the complete solution. Any such initiative should be seen together with other elements of a coherent approach to trade-related technical assistance. For UNICE, any increase in the financial basis for technical assistance should be linked to WTO's enhanced commitment and coordination with other international organisations such as those of Bretton Woods, UNCTAD, WCO and other key UN bodies. For UNICE, better coordination between WTO actions and those of other organisations, with the partnership of business, will help to implement, within WTO members, much wider process of reform for even trade management, at both enterprise and administration level.
- ?? Within such a coordinated approach, the first element would be to identify what activities are already carried out in individual countries or regional groups and where action is required, and then to design, with these countries or groups agreement and commitment, the specific trade facilitation strategy best suited for the country in question.

* UNICE believes that international regulators should better define the notion of "developing country", notably in view of isolating emerging countries or most advanced developing countries from those least developed countries which are facing great difficulties in international trade.

Moreover, UNICE is convinced that, to achieve trade facilitation, a permanent and trust-based dialogue at national and international level is needed between customs authorities and operators. A specific trade facilitation strategy should also focus on making it possible for least developed countries – future emerging markets – to play an active part in such an agreement. Technical assistance should enable them to modernise their private and public infrastructures and meet their commitments more easily. European companies are prepared to work to that end with their partners.

?? In addition to capacity-building, UNICE shares the EC view that WTO rules would be the surest way to ensure the political commitment needed to turn trade facilitation into reality. In the absence of a WTO framework to guide efforts, and ensure political commitment, business support will be less readily forthcoming. A WTO framework of rules will also enable developing countries to increase inward investment in services sectors such as transport, distribution, banking and telecommunications.

2.3. THE IMPACT OF SIMPLIFIED PROCEDURES ON DEVELOPMENT

?? UNICE shares the EC view that through a WTO agreement major advances can be made to coordinate and more effectively build customs capacity in developing countries. In particular a framework of WTO rules which sets overall policies should include provisions that will encourage both information-sharing and longer-term coordination between different international organisations carrying out capacity-building.

?? Clearly, trade facilitation supports countries' development goals in several ways. UNICE agrees with most of the arguments developed in the EC submission to the WTO dated 10 March 1999 (G/C/W/143), and especially with the fact that open markets can only function properly if, among other things, procedures designed to facilitate the flow of trade are put in place and a country's capacity to regulate economic activity on its territory is made more effective. It also shares the point of view that developing countries risk being left behind in a process of rapid technology change unless both private and public sectors embrace new forms of business communication and organisation. In such circumstances, trade facilitation becomes an integral part of any liberalisation process.

?? For UNICE, the problem of participation in international trade and cost of burdensome procedures, which fall disproportionately on SMEs and companies in developing countries, is particularly important. The following examples* relating to the economic impact on companies of burdensome customs procedures are very instructive:

- An estimate cited by UNCTAD (1996) placed the costs of trade transactions at between 7-10 per cent of the total value of world trade.
- The real cost of not facilitating trade has always been vastly underestimated. It results in high costs and lower revenues to government, which can lead to social and economic decline. Globally, trade facilitation has been assessed by UNCTAD as having the potential to save up to US\$ 75 billion per year

* Examples taken from the WTO 1998 Trade Facilitation Seminar with Business participation.

- Inspection systems have been more costly to trade in terms of time and money. In certain sectors, authorised inspectors collected 2 per cent of the f.o.b. value and a minimum of US\$ 250, representing close to 12 per cent of the value of the goods in certain cases. In fact, the amount paid often more than outweighed the utility of the operation. Moreover, delays and errors in issuing authorisations tend to disrupt and delay trade transactions.
- As an example of the potential cost savings from using electronic commerce, a paper-based purchase order can cost US\$ 200 to generate and process, whereas its electronic equivalent can cost as little as US \$20.
- According to an academic survey, the average time for US or EU domestic shipments order-to-cash cycles was 120 hours in 1990; by the year 2001, the average will be 57 hours.

?? These examples shows that traders may be excluded or inhibited by *inter alia* high overhead costs of exporting or of importing inputs, overly complicated export and import procedures, inadequate trade and transport infrastructure, and inefficient or opaque procedures in overseas markets.

?? Comprehensive investment protection should be one of the results of an investment agreement in WTO and which would guarantee free access to markets and full transparency. When asked to identify the reasons for investing in particular countries, companies frequently point to the efficiency of trade administration as a key component in any successful investment regime. Therefore, UNICE agrees that establishment in WTO of a framework of basic rules on trade facilitation will help improve the investment environment in developing countries. In addition, simplified trade procedures, and future GATS liberalisation in sectors such as transport, distribution and telecommunications will thus be mutually reinforcing.

?? A Trade Facilitation Agreement in WTO will not only improve controls and reduce administrative costs everywhere, it will also be conducive to the development of a culture of cooperation between government and business in developing countries. True partnership must be organised at all levels (international, national, local) between customs administrations and companies in order to develop reciprocal exchanges of information and views. This partnership must be clearly structured in order to give companies guarantees of good representation in expression and defence of their interests.

3. STRUCTURE AND SCOPE OF A WTO TRADE FACILITATION AGREEMENT

3.1. A TRADE FACILITATION AGREEMENT VIS-À-VIS EXISTING WTO AGREEMENTS

?? A future Trade Facilitation Agreement should in fact be a framework agreement drawing more closely together existing WTO Agreements concerned with border-crossing procedures. UNICE therefore fully supports the EC submission to the WTO dated 10 March 1999 (G/C/W/136) which identifies the scope in some existing Agreements (Agreements on: Import Licensing Procedures, Technical Barriers to Trade, SPS, Rules of Origin, Customs Valuation and Pre-shipment Inspection) for further procedural and substantive trade-facilitating improvements.

?? UNICE would also like to draw attention to institutional questions related to a Trade Facilitation Agreement in WTO. It sees merit, within an overall initiative on trade facilitation, in ensuring that separate Committees currently managing the above-mentioned agreements, work more closely together. A future agreement on trade facilitation could help ensure that each Agreement operates as part of a coherent process, subject to harmonised documents, procedures and standards. Such an agreement would also respond to a real concern of developing countries which lack resources to participate in an ever-growing number of WTO groups and committees. Finally, UNICE believes that it is worth exploring institutional arrangements between a Trade Facilitation Agreement and the WTO DSU, notably regarding faithful implementation and dispute prevention.

3.2. KEY PRINCIPLES FOR EUROPEAN BUSINESS

GATT/WTO PRINCIPLES FOR A FUTURE WTO TRADE FACILITATION AGREEMENT

?? UNICE agrees with the EC 6 June 2000 Submission to the WTO (G/C/W/211) that negotiations on trade facilitation should cover a number of key elements, including the application of basic GATT/WTO principles (i) to trade facilitation measures, (ii) measures to reduce data and documentation requirements, (iii) measures to streamline and automate customs and (iv) other official interventions and measures to build capacity in developing countries. Below, UNICE identifies its priority GATT/WTO principles that should be an integral part of any future WTO commitments on simplified trade procedures.

3.2.1. Transparency

?? UNICE believes that lack of transparency in customs regulations is one of the main difficulties for business. Often administrative obligations are not made public, sometimes because they are in violation of WTO rules. Traders are defenceless against customs arbitrariness, as customs power to delay clearance of goods at borders is practically unrestrained, even in many developed countries. UNICE is therefore in favour of any measure which would allow a move towards a limitation of the discretionary powers of customs and other government agencies involved in administering trade.

?? UNICE considers that, within the tasks of customs administrations, apart from fulfilling their traditional tasks of revenue collection and enforcement of restrictions and prohibitions, facilitation of legitimate trade is also becoming increasingly significant. Effective trade facilitation would do more to discourage illegitimate trade, without harming revenue collection. Customs should therefore seek to make regulations and documentation as transparent as possible.

?? Significant improvements in transparency and predictability could be sought in the following areas:

- obligation on customs authorities to let operators know in advance what information they must provide on currency, value, origin and other essential aspects for customs clearance;
- greater flexibility in application of transition clauses when duties and customs rules are modified.

?? UNICE considers that part of any future WTO facilitation regime could be to expand upon the concept in Article X and other WTO Agreements to provide, at the minimum, the following:

- Due Process: In its 26 October 1998 position, UNICE called on governments to establish a right of independent judicial or administrative review of customs decisions. GATT Article X, 3, already requires WTO Members to install “judicial, arbitral or administrative tribunals for the purpose, *inter alia*, of administrative action relating to customs matters” but this does not provide adequate assurances for traders. UNICE believes that the most appropriate solution to this problem would be to strengthen the provisions of the revised Kyoto Convention (and incorporate the text in a future WTO agreement) which already contains quite specific requirements in connection with appeals against decisions of a customs authority. Ways in which these provisions might be strengthened include more specific guidelines on timing and costs, the latter aimed at ensuring that the first stage of appeal, at least, should be readily available to all operators. It would also be helpful to include specific provisions to give foreign operators the same rights and access to appeals processes as domestic operators.

At present, the only remedy available in disputes arising from failure to implement international agreements is to complain either to the customs authority concerned or at political level. However, there can be no guarantee that even a wholly justified complaint will be considered, let alone upheld. UNICE therefore believes that an international arbitration procedure should be established to give individual economic operators direct access to an independent authority from which they can seek redress against decisions of customs authorities which they believe to be based on a failure correctly to incorporate the provisions of international agreements in national law or interpret or implement such provisions. The procedure should be set up under the auspices of WTO with arbitrators nominated by both WCO and the business community, and with an independent chairman. This procedure should remain flexible and not imitate WTO DSU procedures and practices where legal actions could result in unnecessary delays.

- “One-Stop Shop”: Other measures to improve transparency include the single window concept, the concentration of official controls in the hands of one agency, coordination of controls in time and place, simplification and reduction of the amount of data required, use of international standards. In its position paper on the single European authorisation procedure (dated 14 December 1998), UNICE elaborated on this concept applied at European level.

UNICE insists that the following conditions must be met to make the system work at international level: the system must operate for exports as well as imports, it must be sufficiently flexible to allow the maximum number of businesses to take advantage of it, and be tailored to the situation of companies of all sizes.

The WTO should monitor pilot projects in place or to take place in certain countries without imposing any conditions or limitations whatsoever, other than to require regular reports on progress and on any difficulties which the parties may encounter. Member countries should be kept fully informed of authorisations granted and of results observed during the monitoring phase. If, after the trials, the initiative is assessed positively, the WTO should recommend it as a best practice and could consider the possibility of making it a standard procedure.

- UNICE supports the other principles as detailed in the EC submission, e.g.: availability of information (obligation to publish or make available rules, regulations and administrative guidelines), enquiry point (coordination between different government agencies) and predictability (time provided for comments/consultation with interested parties).

3.2.2. Non-discrimination

?? UNICE attaches high importance to the principle of non-discrimination which is the cornerstone of GATT and WTO, and as such should be a basic obligation in any Trade Facilitation Agreement. UNICE fully shares the EC view that the non-discrimination principle should be applicable to import, export and other customs procedures. Measures that privilege certain traders (e.g. authorised traders, etc) should remain non-discriminatory and not act to exclude certain kinds of company. Moreover, all traders should be subject to the same rights and obligations, where the same conditions prevail. Such provisions would not preclude differential treatment of traders or consignments on the basis of objective criteria used in areas such as risk assessment (e.g. for the purposes of anti-fraud controls).

?? Traders that are confirmed by individual national authorities as being competent and ethical in their management of international trade transactions should be accorded the status of “authorised trader”. The granting of this status should be recognised internationally and should allow the operator to trade with minimum interference at the border.

3.2.3. Least trade-restrictiveness

?? This means that trade-facilitating disciplines must be established which apply to both the objectives themselves and the procedural means to apply them. Any restrictions on trade imposed for what are considered legitimate reasons must be kept to the minimum necessary to achieve those legitimate objectives. UNICE would like to see this principle reflected in the following cases:

- general requirements to reduce formalities and procedures to the minimum while keeping horizontal and pro-competitive regulatory principles;
- mutual recognition and application of agreed international standards, since the existence of rigid regulatory mechanisms is incompatible with the goal of a liberalised market;
- measures to simplify and reduce the procedural and administrative burden of controls on traders, including the use of pre-arrival processing of consignments, auditing, fast-track facilities for authorised traders.

?? UNICE insists that all these ways of minimising restrictions on trade should be designed with the particular needs of small and medium-sized enterprises in mind.

3.3. INCORPORATION OF THE REVISED KYOTO CONVENTION IN A BINDING WTO FRAMEWORK

?? In a highly competitive world environment, international trade and investment will flow towards efficient and business supportive locations. At the same time they will avoid locations which are perceived by business to be bureaucratic and synonymous with high costs. Modern production and delivery systems, linked with the dramatic potential of new

forms of electronic commerce, make swift and predictable customs clearance an important prerequisite for prosperity and growth.

- ?? The core principles of the revised Kyoto Convention adopted in June 1999 include the application of new technology, implementation of new philosophies on customs control, and cooperation with the private sector. In addition customs administrations commit to adopt and use risk management techniques, to co-operate with other relevant authorities and to implement appropriate international standards. Chief among the new governing principles of the Kyoto Convention is the commitment by customs administrations to provide transparency and predictability for all those involved in aspects of international trade.
- ?? The key provisions of the Convention are: standard and simplified procedures, continuous development and improvement of customs control techniques, maximum use of information technology and a partnership approach between customs and trade. UNICE endorses these provisions. It believes that the Convention, in order to be really effective, should allow: maximum use of automated systems, risk management techniques (including risk assessment and selectivity of controls), use of pre-arrival information to run selectivity programmes, use of electronic funds transfer, co-ordinated interventions with other agencies (e.g. standardisation and sanitary agencies), making information on customs requirements, laws, rules and regulations easily available to anyone, providing a system of dispute resolutions in customs matters and structured relationships with the trading community.
- ?? Although UNICE understands that some developing countries still perceive customs as a pure national budget instrument - and are therefore less inclined towards risk analysis systems which, besides being very costly, they believe, wrongly, could diminish their revenue base - it believes that the case for trade facilitation as a means to attract foreign direct investment should be better argued. International technical assistance through development programmes should help these countries to introduce integrated processes, improve border crossing/goods release procedures and ultimately stimulate technology transfer.
- ?? The body of the revised Kyoto Convention should therefore form the basis of a future WTO Trade Facilitation Agreement. Such an agreement would be binding on all WTO members. It should also be open to the DSU for major trade conflicts and it should provide a business-to-government conciliatory platform for minor customs disputes.

Besides the present annexes of the Convention which should be incorporated as such in the new agreement, the new text should in addition focus on the following priorities:

1. harmonisation and automation of transport/cargo procedures and documents;
2. harmonisation and automation of rules governing means of payment;
3. harmonisation and simplification of labelling and technical requirements.

Measures related to required trade data and documents for import and export as well as those concerning simplified customs clearance procedures are already embodied in the text of the Convention.

?? Measures in view of promoting customs efficiency and integrity in developing countries are indeed important and UNICE firmly believes that corruption and genuine fraud should be energetically combated. However, efficiency must not be sought in an excessive increase in the obligations and constraints imposed on operators active in international trade. Because trade facilitation is an essential factor for companies' competitiveness on a global market, UNICE is not ready to accept that operators are hampered by very strict legislative frameworks which do not correspond to today's flexible business practices. It therefore does not favour the establishment in WTO of "hard rules" on corruption and integrity as it believes that such rules are not only inappropriate but also merely treat the symptoms. In fact, it is difficult to eradicate such problems through the threat of dispute settlement. On the other hand, UNICE could support, in a trade facilitation agreement, benchmarking via soft rules linked to fixed objectives and certain generally agreed standards of performance, so as to give political guidance to administrations as to the direction they should be taking in terms of medium- to long-term administrative reform.

4. TRADE FACILITATION AND ELECTRONIC TRANSMISSIONS

4.1. AUTOMATION AND INTERNATIONAL COOPERATION

?? UNICE agrees with the EC (EC submission G/C/W/138, dated March 1999) that a future WTO Trade Facilitation Agreement should consider extending automation to all import and export administration and to the different stages of the transport chain, to make controls more efficient, and keep costs and delays to business to a minimum. Benefits of automating customs will be reduced if other control agencies continue to rely on paper-based procedures. UNICE agrees with the EC view that, while the initial focus will often be on customs and border-crossing administration, government efforts should progressively involve licensing and other control authorities such as veterinary and health controls and transport and transit arrangements, all of which should adapt to EDI as part of an overall facilitation plan.

?? A WTO framework of rules should incorporate provisions of the WCO Kyoto Convention establishing customs acceptance of electronic documents and data, and processing and release by electronic means. Rules should not be unduly limiting as to technologies, or impose undue constraints on business as technology choices and interfaces are something for the public and private sector operators to develop between themselves. WTO should therefore not dictate choices of specific technologies, interfaces, standards or codes, other than encouraging the use of international standards.

4.2. USE OF INTERNATIONAL STANDARDS

?? Automation and EDI should incorporate open, interoperable and internationally recognised standards and codes, to ensure there is a common language amongst different users and in different countries, thereby facilitating trade. At the present time, customs authorities use electronic data processing (EDP) only in a small number of specialised areas (grant of export subsidies in the agricultural sector). UNICE strongly supports generalised use of EDP as well as connection of all

customs offices to the Internet. Thanks to electronic mail, it would then be possible for operators to communicate more rapidly with the administration. Use, at national and European level, of interfaces and message types which meet international standards for all customs operations via EDP would lead to standardised and simplified customs procedures in the EU.

- ?? Crossborder customs operations in which a simplified declaration is issued by electronic means in a WTO Member State and the monthly recapitulation in another WTO Member State also require standardised IT infrastructure. For customs purposes, transmission of comments or important indications for customs offices in other WTO Member States in which the customs regime is cleared requires suitable IT infrastructure. In this context, appropriate data processing could improve communication at all levels.
- ?? Similarly, UNICE believes that existing IT systems for control and anti-fraud purposes should be interfaced with IT systems for trade facilitation so that traffic along electronic trade highways is not slowed down by repeated and unnecessary "toll booths" and "checkpoints". The information customs systems developed for customs authorities and based on confidentiality, as well as electronic mail systems for customs inquiries, should be harmonised more closely with systems designed for operators so that controls can be carried out and inquiries dealt with at the lowest cost and greatest speed.

5. CONCLUSION

- ?? UNICE believes that WTO, as a global organisation, should give political impetus to promotion of trade facilitation and establishment of a Trade Facilitation Agreement. It encourages the EC to play an active role in this area, given that it is an issue in which there are only winners, small and large businesses and developing and developed countries.
- ?? UNICE is ready to pursue constructive dialogue on this very important issue with Community institutions and global regulators, with a view to making customs rules more friendly to economic operators.