



International Chamber of Commerce

The world business organization

Policy statement

ICC recommendations to WTO members on trade facilitation

Committee on Customs and Trade Regulations, 6 June 2001

French version

The International Chamber of Commerce (ICC) has a long history of promoting the benefits of trade facilitation - often referred to as the simplification and harmonization of international trade procedures and customs modernization - on behalf of the global business community. ICC has brought this issue to the attention of governments with its International Customs Guidelines and was a strong supporter of including customs facilitation on the agenda of the World Trade Organization (WTO) at the 1996 WTO Singapore Ministerial Conference. ICC is encouraged by the progress made to date by the WTO on trade facilitation. To continue the work accomplished so far and address the realities of global trade today, ICC recommends that the WTO focus on the key objectives outlined in this statement and adopt binding multilateral rules on trade facilitation.

Global trade today

The reduction of tariff and other trade barriers during successive GATT rounds has increased the focus of commercial attention on the serious practical constraints that still delay transactions at many national frontiers. The demand for, and ability to supply, rapid trade movements has been greatly increased by multimodal through-transport, and electronic commerce, and is reflected in globally integrated, just-in-time supply production and distribution systems. For these developments to have maximum benefit, they must be accompanied by the rigorous and efficient application of simple, predictable and uniform controls by customs, and the other official bodies that operate at the border.

WTO rules on trade facilitation and customs modernization benefits customs and trade

Customs procedures have been covered by the disciplines of General Agreement on Tariffs and Trade (GATT) from their inception. But the need for further GATT/WTO rules in this area is acute today because of the developments outlined above. Modernization of a country's customs administration benefits trade, investment and economic growth, while modernization of a trading partners' customs is necessary to ensure full realization of trade benefits. As the world moves towards further trade liberalization, customs modernization is more and more important to each country's interest in attracting foreign direct investment. In particular, customs modernization will greatly assist developing countries in their export promotion efforts to integrate their small and medium sized companies into the most prized and competitive global markets.

WTO rules are necessary for consistent reform

Political commitment to multilaterally binding rules on trade facilitation, administered by the WTO, would steer reform in a consistent direction and benefit all parties in international transactions. Such rules would build upon the WTO principles of non-discrimination, transparency and least-trade restrictiveness and would strengthen disciplines already contained in existing WTO Agreements. Such rules would draw upon relevant facilitation work undertaken by other organisations such as the World Customs Organization (WCO), the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), the International Maritime Organization (IMO), the International Civil Aviation Organization (ICAO) and ICC. The adoption of the WCO's revised Kyoto Convention should be promoted, as it contains many of the key elements of trade facilitation that could be drawn upon as a key source of material for a WTO Agreement on trade facilitation.

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In particular, ICC recommends that the WTO analyze the impact of customs related controls on trade and reduce them where appropriate, by focusing on the following key trade facilitation objectives:

- transparent conduct by customs, with easily accessible procedures and regulations, including an open, independent and economic appeal process of customs decisions open to all importers;
- an authorisation for legitimate traders, allowing operators to cross national borders with minimal interference, and the use of pre-arrival declarations and post release audits, enabling customs to concentrate their resources on the key target of illegitimate trade at the border;
- the measurement of clearance time at the frontier, and the introduction of targets to encourage governments to reduce clearance time;
- use of modern customs techniques such as risk assessment and profiling, enabling administrations to make direct resource gains whilst reducing the time for legitimate trade to cross borders;
- utilization of commercial systems for customs controls including sophisticated information technologies, the internet and integrated information systems more rapidly adaptable to business needs than independent customs information technologies systems;
- adoption and implementation of international standards in the trade transaction process such as those of the United Nations, WCO and ICC;
- global automation to create a paperless environment, with data transmitted by Electronic Data Interchange(EDI) or the internet;
- administration of official frontier controls by a single agency, preferably customs;
- consider, where appropriate, a "Seamless Integrated Transaction" where a core set of identification control data can be generated, submitted and processed at any time during the transaction, to avoid the duplication of traditionally separate export and import procedures.

The realisation of these objectives would benefit both developing and developed countries by encouraging inward investment and trade growth.

Assistance for developing countries

The WTO could provide further assistance for developing economies by creating a framework for intergovernmental organisations such as the International Monetary Fund (IMF), World Bank, WCO and United Nations Conference on Trade and Development (UNCTAD) to make an active contribution to capacity building for trade facilitation. Public authorities and the business community in less developed countries should work together with their counterparts in industrialized countries to achieve effective reform through appropriately monitored transition periods under WTO rules. It is imperative to the realization of the most basic trade facilitation measures that developing countries have the assistance they need to implement their Uruguay Round commitments; to build their human, institutional and physical capacity to trade, and to train trade officials to efficiently and effectively carry out their responsibilities.

Binding rules to simplify global trade today

Binding WTO rules that build on existing WTO Agreements and principles, recommendations in the revised Kyoto Convention, and other facilitation instruments, such as those of the UN and its specialized agencies, will secure many of the key elements of trade facilitation; simplify trade procedures; promote internationally agreed standards; and benefit government and business in all WTO member countries. To this end, it is critical that the WTO and organizations like the WCO and UN work together to establish the WTO framework and fulfill the objectives of time and cost savings for traders; cheaper goods for producers; lower prices for consumers; a more cost-effective recovery of revenue, and better surveillance of high risk consignments for customs.

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