

COMMUNICATION FROM NEW ZEALAND, NORWAY AND SWITZERLAND

The following communication, dated 28 April 2005, from the Delegations of New Zealand, Norway, and Switzerland, is being circulated in advance of the Negotiating Group meeting of 2-4 May 2005.

**CLARIFICATIONS AND IMPROVEMENTS IN GATT ARTICLE VIII
(FEES AND FORMALITIES CONNECTED WITH
IMPORTATION AND EXPORTATION)**

Proposal on Simplification, Reduction and Standardization of Trade Documents

I. INTRODUCTION

1. In preparing for these negotiations we have undertaken an extensive discussion with our partners in the private sector and among different government agencies. The aim was, among others, to identify the problems the private sector and in particular small- and medium-sized enterprises (SMEs) are faced with when trading their goods. One of the problems identified was the need for a standardized format for the documents that accompany the shipments and for a reduction in the number of documents required.

II. PROBLEM TO BE SOLVED

2. In the export, import and transit of their goods many SMEs are met with a considerable number of documentation requirements which are often difficult for traders to fully understand. Many of the forms or documents are not standardized, and SMEs often find it difficult to complete a non-standardized form – in particular if it only exists in a language that is not the normal working language of the trader.¹ This considerably increases the time involved in the clearance of goods. It also requires extensive use of human resources both among the traders and among the various government agencies involved and may hence represent an unnecessary barrier to trade.

¹ For example, the working language of a Norwegian trader will normally be English in addition to Norwegian. If a trader wishes to sell its goods to a country that does not use English as one of its working languages, and there is no standardized form, the trader will spend considerable time and money on completing the form. A standardized form that can be translated into many different languages will ease the work of the trader.

III. A PROPOSAL FOR MINIMIZING THE COMPLEXITY OF IMPORT AND EXPORT FORMALITIES

3. The difficulties referred to above could be reduced by simplifying and reducing the documentation and data requirements to the necessary minimum, consistent with the need to enforce legitimate policy objectives.²

4. Furthermore, the use of international standards as a basis for documentation and data requirements is essential for minimizing the complexity of customs procedures and formalities relating to the export, import and transit of goods. The development or use of already existing standardized formats on documentation should be considered.

5. An example of the latter is the United Nations Layout Key for Trade Documents (UNECE Recommendation No 1, also ISO 6422) which has been developed for this purpose. Article 3.11 of the Kyoto Protocol, states that "The content of the goods declaration shall be prescribed by the customs. The paper format of the goods declaration shall conform to the UN layout key." This layout key is already the basis for trade documents such as the European Union's Single Administrative Document, the Dangerous Goods Declaration (UNECE), GSP (General System of Preference) Certificates (UNCTAD), Certificate of Origin (revised Kyoto Convention), Goods Declaration for Export (revised Kyoto Convention), Standard Bill of Lading (International Chamber of Shipping), etc.³

6. Where the information already exists in such a standard document, there should be no need to require additional documentation containing the same information. Whenever possible the number of documents required should be reduced to a level that is the "least restrictive" to trade. If or when automatization is put in place, in cases where physical documentation are required under manual procedures, the Customs should normally accept copies and not only accept/request originals of documents, except in clearly defined circumstances. With automated transmission of documents it is always difficult, if not impossible, to identify an original document if it is printed out or a photocopy is made. Electronic documents which are authenticated by electronic signatures or other electronic means will help to identify and verify documents presented electronically.

7. Members could also agree to abolish documentation requirements such as demands for consular invoices etc. (reference is made to the proposal by Uganda and the United States in TN/TF/W/22) which are unnecessary for the purposes of completing the transaction.

8. Consistent with the transparency requirement in GATT Article X, the contents of the requirements for goods declarations should also be set out in national legislation. This will ensure that traders do not encounter new and/or additional requests for documentation at the border or customs clearance.

IV. DEVELOPMENT CONCERNS

9. The development of international standards will greatly benefit developing countries and LDCs. An international standard can be translated into many different languages⁴, and will facilitate the use of documentation. The need for translation may be avoided or minimized by using net-based

² Such objectives include, *inter alia*, the assessment and collection of duties and taxes, the compilation of statistics, ensuring conformity with SPS and TBT requirements, and the application of Customs law.

³ It should be noted that UNECE has developed an international standard for electronic documentation called UNeDocs. which is based upon the UN Layout Key".

⁴ An additional question is whether translation can be dispensed with in the case of standardized formats. We have not made any suggestions in this regard in the present paper.

documents where the language can be chosen by the users. One problem in such cases may be that not all countries are in a position to provide net-based documents. A possible solution could be to establish a common international net-based "bank of documents" under an organization like the WTO, the WCO, or others, where the user can choose the language for filling in and/or printing out the respective documents. Thus, a document could be presented in the language of the importing country even if it was originally filled out in another language. This idea should be developed further and will require discussions among members on how such a system may work in practice.

10. Necessary time to implement a new system should be given to developing countries and LDCs.

V. BENEFITS

11. Standardized formats will reduce costs both among traders and among different government agencies involved in the clearance of goods. For government agencies it will lead to a reduction in the workload, since it is assumed that less mistakes will be made when a standardized format is used. The use of standardized formats will probably also lead to the need for less documentation which in turn will substantially decrease the use of human and economic resources. It has to be underlined that a possible reduction of documentation requires the development of a standardized format or formats that include all necessary information. Standardization of documents without standardising the data-elements and information to be supplied in the documents would be only a small step towards a real standardization of formalities and procedures in international trade.

12. The resources gained by the use of standardized formats could instead be relocated to other areas such as risk assessment and post-clearance controls.

VI. IMPLEMENTATION COSTS

13. Considerable costs at the national level are not foreseen, since the standardized formats will be developed at the international level, and many of these instruments are readily available, for which Technical Assistance and Capacity Building can be – and indeed has been – provided by international organizations. Costs related to training will be required. It is assumed that costs related to the necessary administrative changes will be relatively modest, and should be rapidly recovered as the simplifications will increase the efficiency and capacity of customs controls.

VII. TECHNICAL ASSISTANCE

14. Technical assistance may be required both from international and regional agencies involved in work related to trade facilitation measures, as well as on a bilateral level.
