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Centre for the Facilitation of Procedures and Practices
for Administration, Commerce and Transport (CEFACT)

Item 6 of the provisional agenda

Third session, 16-19 March 1998

INTERNATIONAL TRADE PROCEDURES WORKING GROUP (ITPWG)

REPORT OF THE FIRST SESSION

(10-12 November 1997, Geneva) *

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* This report has been distributed to members of the International Trade Procedures Working Group as an unofficial document (CEFACT/ITPWG/N012). In order to comply with United Nations guidelines on the streamlining of documentation, the secretariat is issuing the current report without the annexes contained in CEFACT/ITPWG/97N012. That document may be obtained on request from the CEFACT secretariat.

GE.98-

1. The International Trade Procedures Working Group (ITPWG) held its first session in Geneva on 10-12 November 1997, under the chairmanship of

Mr. R. Battersby (United Kingdom).

2. Participants ¹ in the meeting included representatives of the following countries: Finland, Iran (Islamic Republic of), Italy, Netherlands, Poland, Romania, Slovakia, Sweden and United Kingdom of Great Britain and Northern Ireland. Also represented were the European Union (EU), the World Customs Organization (WCO) and the United Nations Conference on Trade and Development (UNCTAD). The following non-governmental organization was represented : United Towns Agency for North-South Cooperation. Observers to the meeting, present at the invitation of the secretariat, included representatives from the International Federation of Inspection Agencies (IFIA) and the North American Trade Procedures Organization (NATPRO).

Item 1 - Adoption of the agenda

Document:- Provisional agenda for the first session of the International Trade Procedures Working Group (ITPWG) (CEFACT/ITPWG/1997/1)

3. The provisional agenda (document CEFACT/ITPWG/1997/1) was approved.
4. The secretariat welcomed the participants, inviting them to participate actively in the developing of the programme of work, the terms of reference and in the revising the ECE recommendations in close cooperation with WCO, the World Trade Organization (WTO) and other international organizations.

Item 2 - Election of chairman

5. Following notification by the secretariat that CSG (CEFACT Steering Group) had appointed a number of its members to facilitate and assist in establishing CEFACT working groups and developing their terms of reference, and that Mr. Battersby (United Kingdom) had been nominated to convene the first session of the Working Party, the Working Group elected him as Chairman for a two-year period (1998-1999).

6. It was agreed that at its second session, the working group would consider the proposal that elected convenors of the sub-groups, as set up in the course of the discussion of the appropriate agenda items, would be nominated as vice-chairpersons of ITPWG for the same duration.

Item 3 - Follow-up to the Steering Group and plenary discussions at the second session of CEFACT in September 1997 on the establishment of ITPWG

Documents: - Mandate of ITPWG (CEFACT/ITPWG/1997/2)
- Plan for WP.4/GE.2 migration to new CEFACT structures (CEFACT/ITPWG/1997/3)

7. In accordance with document TRADE/R.650, "Recommendations for the establishment of CEFACT (Centre for the Facilitation of Procedures and Practices

¹ For list of participants, see document CEFACT/ITPWG/97N012.

for Administration, Commerce and Transport)", the secretariat explained the difference between the mandate approved by the CEFACT plenary and the appropriate terms of reference which should contain a detailed description of procedures and functions for the established CEFACT groups. The ITPWG terms of reference should be developed and submitted to the Steering Group for endorsement within six months after the approval of its mandate (September 1997).

8. The Working Group noted document CEFACT/ITPWG/1997/3, "Plan for WP.4/GE.2 migration to new CEFACT structures", as a valuable input for further cooperation with other CEFACT working groups.

Item 4 - Working Group procedures and terms of reference

Document: - Draft ITPWG terms of reference (CEFACT/ITPWG/1997/4)

9. The Chairman introduced document CEFACT/ITPWG/1997/4, "Draft ITPWG terms of reference", which had been developed by SITPRO (United Kingdom) in accordance with document TRADE/R.650, "Recommendations for the establishment of CEFACT". The need for the establishment of sub-groups on the specific agenda items was underlined.

10. The members of the Working Group considered in detail the proposed draft terms of reference. Much attention was paid to section II "A detailed description of the proposed deliverables. Several changes were proposed to the text concerning the linkage to the national environment in international trade, the use of modern technology for creating national frameworks and models of international trade transactions, the monitoring of the implementation of recommendations and cooperation with other CEFACT groups and international organizations. The draft terms of reference were updated and included in the report². The Group agreed to provide additional comments to the secretariat by 20 December 1997.

11. The Working Group also drew up the principles of its working procedures. It was agreed that the whole structure of work should be informal and flexible. The convenors of the ITPWG sub-groups ought to be ready to replace the Chairman in case of absence. Correspondence between the participants of the Group would be arranged through e-mail. All documentation would be distributed not less than three weeks before a session of the Working Group. The secretariat would be responsible for the maintenance of the documentation through an Internet server and for the establishment of the appropriate World Wide Web site.

Item 5 - Guidelines for creating an ITT framework including the maintenance of the WWW presentation of frameworks

Document: - Guidelines for creating an ITT framework (CEFACT/ITPWG/1997/5)

12. The document CEFACT/ITPWG/1997/5, "Guidelines for creating an ITT framework", was introduced by a representative of SITPRO (United Kingdom). It was noted in the introduction that the ITT framework provided a comprehensive description of the procedures, parties and information flows associated with

² See document CEFACT/ITPWG/97N012, annex II.

import/export transactions. The purpose of that document was to encourage more countries to develop their own national/regional frameworks.

13. The Guidelines were updated and approved and would be distributed as an information paper at the CEFACT March 1998 session.

Item 6 - Development of regional and national frameworks of international transactions and their registration

14. The members of the Working Group exchanged information on the subject. The representative of NATPRO gave several examples of modelling international trade transactions, including four countries in the Asian and Pacific region, on the basis of the IDEF software. The representative of EURIDIS gave a demonstration on frameworks and models produced by his institute. The secretariat informed the Working Group that similar projects were being developed in Hungary, Poland and the Russian Federation, as well as several other countries.

15. The Working Group decided to establish a sub-group on ITT frameworks with the participation of NATPRO (Convenor), EURIDIS, Poland, ROMPRO, SITPRO, and the secretariat.

Item 7 - Revision of WP.4 recommendations :

Item 7.1 - Recommendation No.4 "National trade facilitation organizations"

Documents: - Proposal on the revision of Recommendation No.4 "National trade facilitation organizations" (CEFACT/ITPWG/1997/6)
- List of existing national committees and focal points on trade facilitation issues (CEFACT/GE.2/1997/4)

16. Document CEFACT/ITPWG/1997/6, "Proposal on the revision of Recommendation No.4, National Trade Facilitation Organizations", prepared by SITPRO (United Kingdom), was introduced by the Chairman together with the list of existing national committees and focal points maintained by the secretariat. It was pointed out that trade facilitation could efficiently achieve progress at national, regional and international levels through such focal points. It was strongly recommended to any country wishing to promote and implement trade facilitation to create such a body.

17. The secretariat described efforts undertaken by the UNCTAD secretariat to add transport issues to this subject. The common view was that both secretariats should investigate that approach. The representative of WCO indicated that not should transport aspects of trade facilitation be taken into account but that customs procedures should also be reflected in the document.

18. The Working Group agreed that the secretariat should circulate document CEFACT/ITPWG/1997/6 to the national committees and focal points on trade facilitation issues for comment. Any additional contributions were welcome before the end of the year. An information paper with the updated version of the proposal prepared by SITPRO would be circulated between the members of the CEFACT Steering Group in mid-January 1998. A final version of the revision of the Recommendation should be considered by ITPWG in March 1998.

Item 7.2 - Recommendation No.18 "Facilitation measures related to international trade procedures"

- Documents:
- Pre-shipment inspection in international trade (CEFACT/ITPWG/1997/7)
 - Pre-shipment inspection in the context of Recommendation No.18 (CEFACT/ITPWG/1997/9)

19. The Chairman, on behalf of SITPRO, introduced document CEFACT/ITPWG/1997/7, "Pre-shipment inspection in international trade". He indicated that the document proposed the replacement of the text contained in UN/ECE Recommendation No.18 concerning pre-shipment inspection with a new recommendation relating not only to pre-shipment inspection (PSI), but also to other similar inspection procedures.

20. The representative of IFIA introduced their document CEFACT/ITPWG/1997/9, "Pre-shipment inspection" in the context of Recommendation No.18. He noted two main issues of the document: (a) no time limit was stipulated by WTO for the duration of a PSI programme; (b) the cost to the exporter for presenting the goods for PSI was minimal and normally limited, when applicable, to unpacking and repacking of the goods. He further noted that IFIA had welcomed the opportunity to cooperate with CEFACT in the review and development of any proposals to simplify documentation and procedures concerning the PSI programme.

21. The representative of WCO stated that WCO preferred seeing an efficient customs administration rather than the introduction of pre-shipment inspection procedures. She therefore underlined the need for modernization and education of national customs services. The Revision of the WCO Convention on Simplification and Harmonization of Customs Procedures (the Kyoto Convention) would a good basis to that effect. Should the new recommendation on the PSI Procedure be developed, WCO would like to contribute to its content.

22. The Working Group concluded that:

- Comments on both documents should be sent to the secretariat by mid-January 1998;
- IFIA would give further information on the number of PSI contracts and their duration and on the use of PSI procedure and related costs;
- The WCO and WTO contributions would be developed;
- The need for input on importation was underlined;
- The secretariat would collaborate with other regions;
- A next draft was to be prepared by mid-January 1998.

23. The Working Group agreed not to set up a sub-group on the Revision of the Kyoto Convention but reports would be received from WCO and the UN/ECE secretariat at each session.

24. The Working Group agreed that the UN/ECE Regional Adviser on trade facilitation would be responsible for a strategy paper on the revision of recommendation No.18. This paper would be expected to be distributed by the end of January 1998. A sub-group would be established on the subject. The section of the recommendation on customs would be taken into account after the Revision of the Kyoto Convention (1999).

Item 8 - Potential new CEFACT recommendations:

Item 8.1 - Audit-based control principles with risk assessment

Document: - Systems audit-based control (SABC) (CEFACT/ITPWG/1997/8)

25. The Chairman introduced document CEFACT/ITPWG/1997/8, "Systems audit-based control (SABC)", developed by SITPRO (United Kingdom). He explained that the document was submitted as a proposal for the development of a new UN/ECE recommendation on the application of systems audit-based control (SABC). He added that this concept had also been accepted by WCO in the course of the revision of the Kyoto Convention. Comments were welcomed from the participants.

26. The Working Group welcomed the new SITPRO proposal and agreed to include this item in its agenda. Comments should be sent to SITPRO by mid-January 1998 to prepare a detailed implementation paper for the next session of ITPWG.

Item 8.2 - Recommendations based on the UN Layout Key

Documents: - Form of the despatch advice (TRADE/CEFACT/GE.2/1997/7)
- Form of the documentary credit application
(TRADE/CEFACT/GE.2/1997/8)

27. A member of the delegation of Romania introduced new versions of documents TRADE/CEFACT/GE.2/1997/7 and TRADE/CEFACT/GE.2/1997/8, containing a form for the despatch advice, and a form for documentary credit application respectively.

28. In the discussion, it was noted that the form for documentary credit application should be recommended for inclusion in the aligned documentation. Further work would be required regarding the form for despatch advice.

29. The Working Group decided to set up a sub-group on aligned documentation under the chairmanship of Romania which would be in charge of the future revision of WP.4 Recommendation No.1 on the UN layout key. The revision should include: recommendations No.6 (Invoice), No.12 (Non-negotiable documents), No.22 (Transport instructions) and other aligned international trade documents. The sub-group would be responsible for the electronic version of the aligned documents.

30. The Working Group requested SITPRO (United Kingdom) to make a presentation of the project on aligned international trade documents and their electronic equivalents at the next ITPWG session. This subject should also be introduced in the provisional agenda of the next meeting.

Item 9 - Cooperation with international organizations and CEFACT working groups

31. The secretariat informed the group of the various ways in which cooperation between the CEFACT working groups and international organizations could be achieved. It was agreed that this point would be further discussed by the CEFACT Steering Group.

Item 10 - Discussion of work programme

Documents: - Draft work programme (CEFACT/ITPWG/1997/10)

32. The Working Group discussed the future activities of ITPWG and approved the ITPWG programme of work ³.

³ The programme of work is contained in document CEFACT/TPWG/97N012, annex III.

Item 11 - Other business

33. The Working Group indicated the tentative dates for the next two meetings as being 19-20 March 1998 (in the framework of the CEFACT March 1998 session), and 1-3 July 1998 in Geneva ⁴.

⁴ The list of documents for the first ITPWG session and an action list are included in document CEFACT/ITPWG/97N012 as annexes IV and V. Annex VI contains the provisional agenda for the second session.