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Working Party on Customs Questions Affecting Transport

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Item 3 of the provisional agenda

ACTIVITIES OF OTHER ORGANIZATIONS OF INTEREST
TO THE WORKING PARTY

Dematerialisation of supporting documents

Transmitted by the International Air Cargo Association (TIACA)

INTRODUCTION

1. The Working Party, at its one-hundred-and-fifteenth session, considered Informal document No. 8 (2007), transmitted by the International Air Cargo Association (TIACA) concerning the possible development of standard electronic messages with a view to replacing paper-based accompanying documents for international transport operations.
2. The Working Party requested the secretariat to prepare the views of TIACA as an official document for the present session.
3. In annex is contained the TIACA submission, which was originally made to the WCO Permanent Technical Committee.

Annex

TIACA Submission to the WCO

Dematerialisation of supporting documents

I. Background

1. The Technical Session of the 2006 WCO Council included a report from the Permanent Technical Committee that they had received a request from TIACA to examine the possibility of replacing essential accompanying/supporting documents by standard electronic messages and that the Secretariat was conducting a survey to ascertain current practice.
2. Members of the Committee will recollect that, while the scope of the response to an initial enquiry by the Secretariat was limited, the Canadian Customs supplied a very detailed set of documents that they might require at import. Subsequent enquiries by TIACA have confirmed that a) this is a most comprehensive selection and that b) relatively few types are demanded in normal Customs practice.
3. Some, notably the certificate of origin and the commercial invoice present a costly anomaly. Even though, in practice, only a small proportion may be inspected, the possibility is ever-present and millions are prepared and carried every year as a matter of course.
4. There could be very substantial benefits in cost and avoidance of unnecessary delays if these often superfluous precautions could be eliminated or replaced by advance electronic submissions.

II. Commercial Invoice

5. TIACA asks the Permanent Technical Committee to assess the use of and need for a separate paper invoice accompanying the goods in any modern Customs import control procedure and to consider how far such procedures gain in value and effectiveness from the production of such a document at any point in that control.

III. Certificate of Origin

6. No attempt has been made, at any stage of the current prolonged WTO/WCO examination of Rules of Origin, to consider related certification procedures. It could be useful and appropriate for the WCO to draw WTO attention to this omission and suggest some initial lines of enquiry.

7. It could be timely for the WTO/WCO to ask the IBCC to consider:
 - (a) The extent to which fees resulting from issuance of Certificates of Origin enter into and play a major part in the income of member Chambers. It would be most instructive to have even a rough analysis of any major variations depending, for example, on whether Chambers in a particular country are voluntary (as in the United Kingdom) or have public status (as in France and Germany).
 - (b) Typical examples of the techniques used by Chambers to control and authenticate the information contained in their Origin Certificates.
 - (c) The possibility of the IBCC using its electronic platform to establish, record and transmit Certificate of Origin data from source to point of potential Customs control at import, in order to eliminate the need for a paper document accompanying the goods.

IV. Official Public Interest and Protection Documents

8. The two main ingredients are:

(i) Unique consignment identification (UCI)

9. If supporting documents, especially those required to implement public protection regulations are to be replaced by equivalent electronic messages transmitted in secure communication systems, the ability of Customs and other control agencies to identify individual consignments from origin to destination will come back into sharp and early focus.

10. Another possibility would be the inclusion of an appropriate UCR rule in the new set of international requirements that may be expected to result from current WTO Facilitation negotiations.

11. It is worth noting that the WCO Framework of Standards requires “that Customs administrations should apply the WCO Recommendation on the UCR and its accompanying Guidelines”. This could quite possibly stimulate a strengthening of the existing WCO UCR Recommendation

(ii) Advance supply of key control data

12. The US and EU Customs services have moved very rapidly, post 9/11, to ensure that all their import consignments are preceded, in terms of physical movement, by electronic submission of specified control information.

13. Standard 6 in the WCO Framework, Advance Electronic Information, provides that “The Customs administration should require advance electronic information on cargo and container shipments in time for adequate risk assessment to take place.”

14. Much of the discussion in recent interchanges between the High Level Strategic Group and the Private Sector Consultative Group has pivoted on the data to be supplied and the times at which it should be made available to Customs.

15. Given the now general acceptance by international traders and carriers of the resulting very substantial changes in company commercial and operational practice it might be reasonable for Customs and other government agencies concerned with border import controls, to consider how they also might operate parallel interchanges of relevant consignment information in such official regulatory domains as phytosanitary and dangerous goods controls.

16. One obvious possibility is an early shift from the traditional system of supporting paper documents, accompanying the goods, to new agreed methods of authentication at export source and the electronic transmission of relevant data to designated import control points, so relieving the carrier and agent of any intermediate production of consignment documentation. Given the range of official agencies concerned with the spread of documents listed by Canadian Customs, TIACA suggests that Single Window arrangements at both ends of the Customs control sequence could provide ideally reliable communication and processing systems.

V. Inter-Organisational Co-operation.

17. Reference has already been made to possible approaches to the WTO, ICC and World Chambers' Federation on some aspects of current practice in respect of certificates of origin.

18. TIACA is well aware of the unique international status attained by the UN Economic Commission for Europe in a number of subjects inherent in our proposals for dematerialisation of supporting documents.

19. The Trade Division has an unrivalled expertise in electronic documentation, demonstrated in its current e-docs programme. The Transport Division has an equally well-recognised standing in international transport procedures especially those related to dangerous goods classification and regulations. They are the natural forum for examining documents that have to be carried with the goods and are so closely connected with the carrier/Customs interface.

20. TIACA has therefore asked the UNECE Transport Division to look at our proposals to the WCO and indicate how far they may be able to take a leading role in securing general understanding of the objectives, benefits and essential characteristics of possible reforms and simplifications. Their knowledge, expert constituency and support would be particularly important in moving, with the Trade Division, to the eventual standardisation of any new electronic messages.

21. Permanent Technical Committee members will also be well aware of the invaluable detailed and authoritative IATA e-freight concept. This aims to eliminate all paper documents in commercial and operational air cargo procedures, including current documentary interfaces with official control agencies.

22. As they had not previously considered the additional benefits of eliminating or replacing paper supporting documents in Customs procedures they have been kind enough to give the WCO formal assurance of their support for the general purpose of our activities in this direction.

23. In asking the Permanent Technical Committee to review supporting document practice on the lines suggested in this Submission, TIACA would also suggest it should consider how possible reforms and simplifications might fit into and supplement these other initiatives.

24. Broad support outside Customs might be a major encouragement to move towards some appropriate new provision in the revised Kyoto Convention, to encourage general adoption of a slimmed down set of electronic supporting “documents” and reinforce the Single Window concept.
