Trade Facilitation in UNECE and WTO

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Definition of Trade Facilitation

• TF - «simplification, standardization and harmonization of procedures and all necessary information required for the movement of goods from the seller to the buyer and for payment» (UN/CEFACT)

Problem: more than 40 documents with repeated data required  =>

Solution: simpler procedures and documents; less (but better) requirements for data and documents; harmonization with international standards; automation (computerization) of information and document exchange  => transparency of procedures
Cost of logistics (incl. red tape) as % GDP in 1997

- USA – 10.5%
- Mexico - 15.3%
- Belgium – 11.4%
- France – 12.0%
- Germany 13.1%
- Greece – 12.6%
- China – 16.5%
UNECE and TF

• Over 40 years of experience in setting standards for TF in UNECE

• Further interest: World Bank, UNCTAD, UNIDO, OECD, ADB, (Columbus, Ohio, 1996)

• WTO – binding rules - 1996: four “Singapore Issues”, incl. TF, yet in 2004 the other three fell out.

• UNECE - instrumental in setting up the regional PPP network for TF in Southeastern Europe: SECIPRO, after the Dayton Accords, 1995

• Capacity building workshops and projects

• WTO rules will facilitate facilitators
TF and WTO “July Package” 2004

1. Developed vs developing countries on TF in WTO?

2. General Council of WTO, in order to break the deadlock in the negotiations on the “Doha Development Round” agreed on the 2004 “July Package” of issues (agriculture, market access, services and TF).

3. TF in WTO: 3 GATT articles: V (transit); VIII (fees and procedures); X (publication of laws, rules and procedures)
3 GATT articles: the basis of future WTO negotiations

1. Art.V – transit – States should allow free transit, fees should not be seen as a source of revenue for States or individuals – they should only cover existing costs. UNECE – TIR Convention, Convention on the Harmonization of Border Crossing Procedures (integrated border management, IVWC).

2. Art. VIII – fees, simplification of import and export procedures and requirements for documents and data. Possible solutions: international standards for paper and electronic documents (UNLK), codes, electronic submission, Single Window tools, border agency coordination

WTO – binding rules (the “What”)

Contents (“How”)

UNECE - standards: UNLK, codes, EDIFACT, etc.

Implementation of TF measures:
World Bank, ADB, EBRD, APEC – implementation projects like TTFSE in Southeastern Europe
UNCTAD: Pakistan, Nepal, technical cooperation.
UNIDO - laboratories
APEC – broad spectrum of potential projects

Regional initiatives with a TF component:
EU, SECI, TRACECA, etc.
Compilation of proposals (TN/TF/W43/Rev.4)

Issues proposed for negotiations:

– Publications of laws and border-crossing procedures, penalties, online publication + period for implementation, consultation on new rules (*GATT art.*X)

– Advance ruling (needs advance submission of info)

– Formalities (incl. limitation of documentary and data requirements, use of international standards, e.g. UNLK, EDIFACT, Single Windows, eDocs) (*GATT art.*VIII)

– Border agency coordination (harmonizing of border crossing procedures)

– Single Window (submission of all required info only once)

– Goods transit (*GATT art.*V), etc.

>> technical assistance and S&D for transition economies (???)
What should be done?

1. Political Will
2. Technical assistance
3. Financing projects
4. Public-private partnerships (UNECE Rec.4 National Trade Facilitation Bodies)
5. How to match interests: various government agencies; public and private; various private companies
Regional Trade Facilitation

- National reforms can have significant benefits, but regional reforms can have bigger impact (e.g. EU)
- WTO can set commitments that would facilitate regional integration:
  - transit regimes
  - cross-border cooperation
  - transparency
  - standards
  - mobilizing international support, technical assistance and investment
- Regional integration and WTO rules - no panacea – broader reforms are needed.
- TRACECA, GUAM – just a beginning – go further
Case study: TRACECA
Transport corridor
Europe – Caucasus – Central Asia
Integrated trade information flow management

Project: Top-down approach to unification of documents and harmonization of documentary procedures (e.g. in TRACECA)

A.  A.1. Develop a set of 15 trade and transport documents to be used in all TRACECA countries (same layout, different languages) based on UNECE (& EU) standards (UN Layout Key). See www.unedocs.org for sample documents

A.2. Endorse the set at a Ministerial Conference (Annual TRACECA Conference)

A.3. Implement the set

B.  Automate a document (electronic submission across borders)

C.  Automate all documents for parallel use of electronic and paper documents (see www.unece.org)
Integrated Management of International Trade Information Flows

Harmonized (electronic) trade documents, e.g. UNeDocs + Single Window

Advance filing of trade information
Advance exchange of information across borders

Results:
• more efficient trade: less bureaucracy (the goal of trade facilitation) -> lower cost
• more security through better supply chain management inside and among countries -> better risk analysis
• integration with Europe [e.g. EU’s Single Administrative Document (SAD) based on the UN Layout Key in use in SEE, TRACECA]
Most general Single Window Model

3-a: 'Single Authority'

Trader (incl. Transport)
Single Window

- **Definition**: a system that allows all participants in trade and transport file requested information in only one place, in a standard format, in order to carry out import, export and transit operations.

**Benefits:**

- **For the authorities**
  - More efficient distribution of resources
  - Better gathering of fees and duties
  - More compliance from business
  - Better security (on the basis of better risk analysis)
  - Less corruption, more transparency
- **For private business**
  - Cut costs by cutting the time to prepare documents
  - Faster good clearance
  - Predictable and more efficient explanation and implementation of rules
  - More transparency
Data harmonization

- Business Process Analysis
- UN/TDED WCO Data Model
- UN/CEFACT reference Data Model
- Data Element Questionnaire
- User assessment
- Data harmonization

Standard Data Set

Data Model

Structuring the data

UNECE United Nations Economic Commission for Europe
Possible first step: a Document server:
e.g. Formular Server: www.zoll.de
Four examples of aligned and automated documents

1. Negotiable multimodal transport document
2. Invoice
3. CMR consignment note (second phase)
4. Single Administrative Document (Customs declaration)
## UNeDocs

### IMMTADOC

<table>
<thead>
<tr>
<th>Consignor</th>
<th>Multimodal Transport Operator (Name or place of business)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notify party and address</th>
<th>Consignor's declaration of interest in timely delivery of the goods (Clause 10 b)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From (place of acceptance)</th>
<th>Date of acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Via (place of transhipment)</th>
<th>By (modus/means of transport)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>To (place of delivery)</th>
<th>Particulars later furnished by the Consignor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marks and numbers/container number</th>
<th>Number and kind of packages</th>
<th>Description of goods</th>
<th>Gross weight</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### NEGOTIABLE - MULTIMODAL TRANSPORT DOCUMENT

- MTD no.
- Shipment reference
- Issued by the International Multimodal Transport Association
- Certified Member

Note: The Multimodal Transport Operator is responsible for the transport of goods under this document, and the Consignor's declaration of interest in timely delivery is required.
**OBRAZEC счета на оплату**

**INVOICE**

<table>
<thead>
<tr>
<th>Customer</th>
<th>Misc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Invoice №: 001</td>
</tr>
<tr>
<td>Address</td>
<td>Date: 20.02.2004</td>
</tr>
<tr>
<td>City</td>
<td>Contract №: TRN-01</td>
</tr>
<tr>
<td>Phone</td>
<td>Date of contr: 30.01.2004</td>
</tr>
</tbody>
</table>

**Number of trucks**

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit Price</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo trucking on the route Tashkent / Uzbekistan - Istanbul / Turkey</td>
<td>$2,000.00</td>
<td>$2,000.00</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Payment</th>
<th>Tax Rate(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>Commissions*: $4,50</td>
</tr>
<tr>
<td>Bank transfer</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>20214840004289996001 UZTURK TRANS LTD</td>
<td>$2,004.60</td>
</tr>
</tbody>
</table>

**Details**

- PAYMENT ACCORDING TO CONTRACT NR: TRN-01 DD 30/01/2004

*Charges of Union Bank of California International, USA (correspondent bank)*
## Commercial Invoice

<table>
<thead>
<tr>
<th>Field</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller (name, address, tax reference)</td>
<td></td>
</tr>
<tr>
<td>Invoice number</td>
<td></td>
</tr>
<tr>
<td>Invoice date (yyyy-mm-dd)</td>
<td>Seller’s reference</td>
</tr>
<tr>
<td>Buyer’s reference</td>
<td>Other reference</td>
</tr>
<tr>
<td>Consignee (name, address, tax reference)</td>
<td>Buyer (name, address, tax reference)</td>
</tr>
<tr>
<td>Freight forwarder (name, address, tax reference)</td>
<td>Unique consignment reference</td>
</tr>
<tr>
<td>Country of origin ISO code Country of destination ISO code</td>
<td>Terms of delivery Relevant location</td>
</tr>
<tr>
<td>Terms of payment Transaction currency</td>
<td></td>
</tr>
<tr>
<td>Transport mode and means Port/airport of loading UNLOCODE</td>
<td>Port/airport of discharge UNLOCODE Final place of delivery UNLOCODE</td>
</tr>
<tr>
<td>Shipping marks, Transport unit ID No. and kind of packages, shipping description of goods</td>
<td>Commodity code Total gross wt(kg) Total cube (m³)</td>
</tr>
<tr>
<td>Column 1</td>
<td>Column 2</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>Content 1</td>
<td>Content 2</td>
</tr>
</tbody>
</table>

**Footnote:**

- Please note the important details provided in columns 1, 2, and 3.
<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value 1</td>
<td>Value 2</td>
<td>Value 3</td>
</tr>
<tr>
<td>Value 4</td>
<td>Value 5</td>
<td>Value 6</td>
</tr>
</tbody>
</table>

Copy for the country of dispatch/export
Thanks !

www.unece.org
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