

United Nations
Centre for the Facilitation of Procedures and Practices for Administration,
Commerce and Transport (UN/CEFACT)

International Trade Procedures Working Group (ITPWG)

COMMENTS ON RECOMMENDATION No. 18

SOURCE: UNCTAD
STATUS: Contribution
ACTION: For discussion at the 22-24 September 1999 ITPWG meeting,
agenda item 4

Revision of Recommendation No.18 “Facilitation measures related to international trade procedures”

I. Premises

A. It has been agreed that the present Recommendation No.18, issued in September 1980, should be revised in light of economic and technological developments occurred since then.

A. The proposed revision, introduced at the March 1998 ITPWG meeting, only covers “comestic” changes but does not include any substantive modification.

A. WTO has entered a process of analytical work to assess the scope of establishing possible rules on Trade Facilitation.

A. UN-ECE/CEFACT and UNCTAD have expressed interest in the preparation of a “guidelines” or “handbook” on Trade Facilitation.

A. Far-reaching changes to Recommendation No.18 may be considered, for example along the lines presented below.

I. The present situation

A. In the present forms (original or March 98 proposal), Recommendation No.18 contains a series of 48 measures that are undistinctively addressed to public and private parties. Most of the measures refer to “commercial best practices” recommended to the private sector (transport users and transport providers, banking and insurance entities); the rest refers to Customs procedures that will be most likely covered in the revision of the Kyoto Convention. The question might therefore be whether these measures should be included in the new Recommendation or only be referred to.

A. A list of the 48 measures from the original Recommendation appears in annex, under nine groupings:

1. GROUP 1 - Measures Related to the Production of Goods (2 measures)
2. GROUP 2 - Measures Related to Purchase (4 measures)
3. GROUP 3 - Measures Related to Sale (4 measures)
4. GROUP 4 - Measures Related to Payment (2 measures)
5. GROUP 5 - Measures Related to Insurance (3 measures)
6. GROUP 6 - Measures Related to Forwarding, Cargo Handling and Other Intermediary Services (one measure)
7. GROUP 7 - Measures Related to Transport (7 measures)
8. GROUP 8 - Measures Related to Exit (5 measures)
9. GROUP 9 - Measures Related to Entry and/or Exit (20 measures).

- A. Some of these measures do need to be updated, in particular:
1. **Measure 4.1:** “Acceptance by banks of invoices prepared in one-run systems “.
Can it be considered that “one-run systems” are still being used?
 1. **Measure 7.1:** “Alignment of certain maritime transport documents to ICS format “
The reference to ICS should be changed to “UN-Layout Key”
 1. **Measure 7.5:** “Ratification of Montreal Protocol to Warsaw Convention”
Considering that the Montreal Protocol to Warsaw Convention has now entered into force, the text of this measure should therefore be modified.

I. **On-going discussions within the ITPWG**

A. It has been discussed and agreed, so far, within the ITPWG that the Recommendation should be re-structured into three main groups:

1. Trade;
2. Transport; and
3. Customs.

A. So far, this new grouping could only result in a re-ordering of the 48 existing measures, probably as shown below:

1. **Trade:**
 - a) GROUP 1 - Measures Related to the Production of Goods (2 measures)
 - b) GROUP 2 - Measures Related to Purchase (4 measures)
 - c) GROUP 3 - Measures Related to Sale (4 measures)
 - d) GROUP 4 - Measures Related to Payment (2 measures)
 - e) GROUP 5 - Measures Related to Insurance (3 measures)
1. **Transport:**
 - a) GROUP 6 - Measures Related to Forwarding, Cargo Handling and Other Intermediary Services (one measure)
 - b) GROUP 7 - Measures Related to Transport (7 measures)
1. **Customs:**
 - a) GROUP 8 - Measures Related to Exit (5 measures)
 - b) GROUP 9 - Measures Related to Entry and/or Exit (20 measures).

I. **A possible alternative**

A. From informal discussions held between ITPWG members and the secretariats of UN-ECE and UNCTAD, it would appear appropriate to ensure that the recommended measures address the right interested parties to secure proper action and implementation.

A. These interested parties are:

1. The Governmental entities that establish laws and regulations affecting national foreign trade;
2. The service providers (transport and terminal operators, banking and insurance entities) that are commercially supporting national foreign trade; and
3. The trading community (importers and exporters) that are generating national foreign trade.

A. Recommendations directed towards the Governmental entities might require the establishment of new laws and regulations, or the revision/amendment of existing ones.

A. Recommendations directed towards professional associations and their members from the service providers and traders' communities would invite them to adopt what is considered as “best commercial practices” under the present international trade environment.

A. In addition, the UNCTAD secretariat considers that a revised Recommendation No.18 should also include a number of measures to improve the physical movement of the goods and its

corresponding transfer of information. This is to recognize that national foreign trade is not only affected by outdated international trade procedures, but also by legal and operational obstacles.

I. **Suggestion for action**

A. The members of the ITPWG may wish to consider and discuss the following possible options for action:

1. **To adopt a slightly updated Recommendation** (under the format of the March 1998 proposal), but with a limited scope.

This option would require a limited amount of work from the ITPWG and could be ready for the next CEFACT meeting in March 2000..

1. **To elaborate some form of guidelines or handbook on Trade Facilitation**, including measures, in order of importance for a country's economic development, and suggestions for their implementation.

Such an elaboration would take stock of the numerous measures and "best practices" already identified by a number of international bodies. It would focus on their most appropriate grouping, on establishing their relative importance and on suggesting ways and means for their implementation from the experience of existing National Facilitation Bodies.

Under this option, the new Recommendation No.18 could invite Governments, professional associations and their members to implement, at their own pace, the most important measures recommended in the guidelines/handbook.

This option would require a fair amount of work and it is unlikely that the new Recommendation (and its attached guidelines/handbook) could be ready for the next CEFACT meeting.

1. [any other suggestion?]

Recommendation No.18

“Facilitation Measures Related to International Trade Procedures”

List of Facilitation Measures

Note: One asterisk () preceding a Facilitation Measure indicates an amendment to the text, two asterisks (**) that the Facilitation Measure was added to the second edition [date to be found] of Recommendation No. 18.*

- GROUP 1 - Measures Related to the Production of Goods**
- 1.1 In-house use of standard data elements
 - 1.2 Alignment of in-house documents
- GROUP 2 - Measures Related to Purchase**
- 2.1 Inclusion of Packing instructions in Order
 - 2.2 Combination of Delivery instructions with Order
 - 2.3 Importers' specification of distribution of documents
 - 2.4 General use of Standard Shipping Marks
- GROUP 3 - Measures Related to Sale**
- 3.1 Timely arrival of Despatch and Shipping advices
 - 3.2 Exporters' Advice of distribution of documents
 - 3.3* Standard conditions of sale
 - 3.4 Standard trade terms
- GROUP 4 - Measures Related to Payment**
- 4.1 Acceptance by banks of invoices prepared in one-run systems
 - 4.2 Short form documents under Documentary credits
- GROUP 5 - Measures Related to Insurance**
- 5.1* Simpler requirements when exporters arrange insurance
 - 5.2* Simpler requirements when importers arrange insurance
 - 5.3 Alignment of insurance documents
- GROUP 6 - Measures Related to Forwarding, Cargo Handling and Other Intermediary Services**
- 6.1 Elimination of a separate document for forwarding instructions
- GROUP 7 - Measures Related to Transport**
- 7.1 Alignment of certain maritime transport documents to ICS format
 - 7.2 Promotion of Sea waybills and non-negotiable multimodal/combined transport documents
 - 7.3 Preparation of Bills of lading at destination by ADP
 - 7.4 Universal transport document study
 - 7.5 Ratification of Montreal Protocol to Warsaw Convention
 - 7.6 Timely arrival notice; aligned form
 - 7.7 Standard practices for pre-arrival notices

GROUP 8 - Measures Related to Exit

- 8.1 Alignment of forms for inspection and request for inspection
- 8.2 Discouragement of pre-shipment inspection
- 8.3 Abolition of Consular invoices
- 8.4** Cost effects of inspection, control and testing
- 8.5** Documentary evidence of origin

GROUP 9 - Measures Related to Entry and/or Exit

- 9.1 Implementation of the Kyoto Convention
 - 9.2 Alignment of Customs import declarations
 - 9.3 Harmonization of national dangerous goods regulations
 - 9.4 Acceptance of ADP-produced Customs Goods declarations by ADP means
 - 9.5 Periodic lodgement of import declarations by ADP means
 - 9.6 Acceptance of Commercial invoices for Customs purposes
 - 9.7 Discontinuation of separate packing lists
 - 9.8 Acceptance of invoices transmitted by one-run, ADP and automatic transmission methods
 - 9.9 Release of goods without submission of transport documents
 - 9.10 ** Phytosanitary, sanitary and veterinary controls
 - 9.11** Selective Customs examination
 - 9.12** Opening hours at border crossing points
 - 9.13** Deferred duty payment
 - 9.14** Simplified entry system
 - 9.15** Advanced lodgement of Customs declarations
 - 9.16** Immediate release systems
 - 9.17** Customs control on importer's premises
 - 9.18** Periodic Customs entry
 - 9.19** Priority for vehicles carrying transit consignments
 - 9.20** Determination of origin on documentary evidence Ratification of Montreal Protocol to Warsaw Convention
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