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AFRICA AND MULTILATERAL RULES ON TRADE FACILITATION

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Introduction

1. Reduction in tariff rates and quotas has increased the importance of reducing other barriers to trade. This is particularly true to African countries which are seeking ways to use trade as an instrument for promoting economic growth and reducing poverty. Strategies to streamline trade facilitation procedures in order to expand trade and promote development are being developed in most African countries.

2. Expansion of trade is achieved through reduction of transactions costs in goods and services crossing borders. Trade facilitation initiatives have become more urgent due to changes in global trading patterns and trade liberalisation. Rapid growth in international trade and integrated global supply, production and distribution systems have highlighted the importance of stream lining border procedures. The greater pressure for reform has been due to the creation and expansion of cross-border production networks and an increase in the use of e-commerce and fast delivery require reduction in procedural delays.

3. Surveys suggest that border-related costs could range from 2 percent to 15 percent of the value of the goods being traded. Port and border related costs are more severe for land locked African countries. From some landlocked countries, such as Malawi, goods have to cross as three countries.

4. Trade facilitation entered into the World Trade Organisation (WTO) agenda at the first WTO ministerial meeting in Singapore in 1996. At the fourth ministerial meeting in Doha, in 2001, Ministers agreed that negotiations on trade facilitation (along with investment, competition policy and government procurement) will take place after the Fifth Session of the Ministerial conference (in Cancùn, Mexico, in September 2003) on the basis of a decision to be taken by explicit consensus on modalities of negotiations. However, Ministers were unable to reach any consensus in Cancùn. At the July session of the General Council, Members agreed to negotiate a multilateral agreement on trade facilitation. While countries acknowledge the value of trade facilitation, they still remain divided on the scope of a multilateral agreement of trade facilitation.

5. Two keys questions can be raised from an African perspective:

- Can multilateral efforts offer an important opportunity to direct inter-governmental attention to the role that sound regulatory frameworks can play in ensuring that day-to-day trading and control operations such as customs or transport formalities are unnecessarily trade-restrictive?

- Can a WTO agreement on trade facilitation provide incentives to existing efforts by many countries to make their border control systems efficient, transparent and easy to understand?

6. The paper attempts to respond to the two questions from an African perspective. It examines the implications of rule-making and disciplines on trade facilitation at the WTO level and provides information on trade facilitation projects and products that are available to African countries.

What is trade facilitation?

7. There is no standard definition of trade facilitation. In a narrow sense, trade facilitation relates to the logistics of moving goods through ports or the required documentation at the border. The broadened definition includes the environment in which trade transactions take place. This includes transparency, simplification and harmonisation of customs procedures and measures to address procedural and administrative impediments to trade, harmonisation of standards and conformance to international regulations. WTO, UNCTAD, OECD and APEC share the broadened definition (see box 1)

Box 1: Definitions of Trade Facilitation

WTO and UNCTAD: "simplification and harmonization of international trade procedures, including activities, practices, and formalities involved in collecting, presenting, communicating, and processing data required for the movement of goods in international trade."

OECD: "simplification and standardization of procedures and associated information flows required to move goods internationally from seller to buyer and to pass payments in the other direction"

APEC: "simplification, harmonization, use of new technologies and other measures to address procedural and administrative impediments to trade."

Why is trade facilitation important?

8. The relative importance of border procedures when conducting international trade has increased in recent years. This has been caused mainly by the increase in international trade brought about by the reduction of tariffs and quotas. The expansion in the volume of international trade has highlighted the need for additional resources for customs procedures to reduce waiting period for international commerce.

9. Modern supply chain management techniques and the spread of e-commerce have increased the use of "just-in-time" techniques by manufacturing industry and encouraged the growth of integrated global supply, production and distribution systems.

10. International competition and the need to reduce costs of production have led companies to use a variety of locations for the manufacture and sourcing of components and for the manufacture of final products. Long delays due to inefficiency in border procedures result in significant added costs through lost business opportunities and unsatisfactory revenue collection and smuggling problems. Inefficient border procedures reduce the ability of African countries to play a full part in global trade expansion. Taking action to improve the efficiency of border procedures has been shown to produce results. Countries that have carried out reforms in this area have expanded international trade substantially and have increased customs revenue (despite the reduction in duties).

11. The cost of moving goods across international borders is now more important than tariffs in deterring the cost of landed goods. The ability of African countries to deliver goods and services in time and at low costs is a key determinant of their participation in the global economy.

What does trade facilitation involve?

12. Making trading procedure easier requires transparency in the regulations and procedures, consistency and predictability and non-discrimination in their application. A narrow definition of trade facilitation involves simplifying border procedures.

Transparency

13. Transparency underpins the ability of market participants to fully understand the conditions and constraints for entering and operating in a market. It provides the participants with an accurate picture of the costs and returns of their involvement and information on the time and flexibility needed to meet requirements and adjust to potential changes.

14. Transparency of relevant domestic regulations, procedures and practices is widely recognised as an essential element for ensuring that regulatory objectives are achieved efficiently while at the same time enhancing the benefits expected from trade and investment liberalisation. Transparency is crucial in making domestic regulations and administrative practices more efficient and in enhancing their integrity.

15. Openness about the way the system works improves public confidence in the government's performance and that of the regulatory system. It also helps businesses make more informed decisions and take advantage of the available opportunities created by trading agreements and commitments.

16. Transparency implies making information on border requirements and procedures systematically available and easily accessible to all interested persons. Customs and other border laws and regulations should be published ahead of their enforcement. It also involves giving information on operational aspects, such as standard practices and processes in the operation of Customs and border agencies, guidelines on how requirements should be interpreted and enforced; and any available special procedures, to make sure that all potentially concerned traders are aware of them. Publishing information about forthcoming rules could improve the prospects of compliance by securing the support of stakeholders and improving their readiness to comply.

Consistency and Predictability

17. Consistency and predictability in the application of rules and procedures is important in moving goods. It guarantees efficiency and integrity in the administration. Uncertainty in trade operations translates into unwarranted transaction costs in the form of warehousing and demurrage expenses, transport and insurance fees and financing charges. Such problems discourage smaller businesses which lack the necessary logistic support to deal with such constraints. Non-discretionary and uniform administration of applicable rules allow traders to know what to expect in their everyday dealings with Customs and other border agencies and to make informed decisions about their activities in a market.

Non-Discrimination

18. Non-discrimination is about ensuring the impartial and uniform application of procedures and practices to individual traders. This does not mean all products have to be treated in an identical manner, but effective equality of administration where the same circumstances apply.

Simplifying Border Procedures

19. Making border procedures easier is an essential path to increasing efficiency for Customs and other border administrations. It also improves revenue collection through risk-based and targeted

operations. Simplifying procedures reduces restrictions and burdens that unnecessarily add to traders' cost of doing business as well as unnecessary delays at the border.

20. Measures to simplify border procedures include getting rid of unnecessary requirements, such as requesting the same information more than once for different departments. It also involves updating regulations to take account of changed contexts, technologies and markets. Allowing customs and border authorities to process shipments before arrival of the goods, based on the transmission of the requested information in advance, or replace border controls by post-clearance audits simplifies border procedures. Such procedures reduce bottle-necks, which in turn reduce delays and related expenses for traders such as the risk of spoilage of perishable goods and theft. It also by minimizes direct transactions between officials and traders or their agents thereby reducing opportunities for corruption.

Due Process

21. An important element of regulatory transparency is the availability of formal procedures for appealing against administrative rulings, actions and interpretation of applicable regulations. The quality of such mechanisms should be judged by their accessibility, impartiality and efficiency in offering redress.

22. However, because of the technical nature and urgency of some matters which may not be accommodated by the long average timeframes of administrative appeals procedures, a general framework may not be satisfactory for issues like Customs and border matters. To address such problems countries provide for additional avenues for Customs and border matters, aimed at a more efficient and timely handling of the issue. Specific provisions for appeals are often included in Customs or tariff legislation, especially with respect to the dutiable status of imported goods.

Trade facilitation debate in the WTO

Singapore Ministerial

23. Trade Facilitation was added to the WTO agenda as one of the "new" issues at the Singapore Ministerial meeting in December 1996. The Singapore Ministerial Declaration directed the Council for Trade in Goods (CTG) "to undertake exploratory and analytical work, drawing on the work of other relevant organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area."

24. Following the direction given by the ministers at the Singapore meeting, the WTO prepared a background note on trade facilitation which reviewed the work done on trade facilitation by 15 other international organizations, including non-government organizations. On the basis of the Secretariat background note, the Council on Trade in Goods (CTG) had an extensive discussion on identifying the main areas of future work in the WTO.

25. In March 1998, the CTG organized a WTO Trade Facilitation Symposium inviting both business and policy communities to discuss possible future work of the WTO on trade facilitation. Five main concerns were identified mainly by the business community: excessive documentation requirements; lack of automation and little use of information-technology; unclear and unspecified import and export requirements; lack of efficient and modern risk-assessment techniques; lack of modernization and coordination of among customs and other government agencies.

Seattle Ministerial

26. In preparation for the third WTO Ministerial Conference in Seattle in 1999, several members presented proposals on trade facilitation in the General Council. Some members called for the launch of

negotiations at Seattle Ministerial to establish a framework of rules and disciplines, or to strengthen and elaborate existing WTO rules with the objective of alleviating administrative and procedural burdens on trade transactions.

27. Within the WTO the advocates of multilateral agreement formal trade facilitation included Australia, Canada, Chile, Colombia, Costa Rica, EU, Hong Kong, China; Hungary, Japan, Korea, Morocco, New Zealand, Norway, Paraguay, Singapore, and Switzerland, and the United States.

28. Other Members (mostly from developing countries), collectively known as the Like Minded Group, preferred to continue with the exploratory and analytical work. They believed that there was no need for additional WTO obligations. They argued that reform and improvement of customs and trade administration were not contingent upon new disciplines, and that technical cooperation efforts should be stepped up to help developing countries with the improvement of their infrastructure for trade transactions.

Post Seattle

29. There was no agreement in Seattle. The Ministerial Conference collapsed. However, the CTG continued its work on trade facilitation. In December 2000, a progress report was presented to the General Council on the status of work on trade facilitation. The report raised two main issues:

- Information technology was seen as instrumental for raising the efficiency of customs procedures. However, the simplification of official requirements was a necessary precondition for the application of information technology.
- There was a trend for government and industry to work more cooperatively on customs issues. Small and medium-sized enterprises in particular have much to gain from the simplification of requirements and greater transparency.

30. At the May 2001, the WTO Workshop on Technical Assistance and Capacity Building on Trade Facilitation the following elements were identified as essential for the successful execution of trade facilitation-related technical assistance programs:

- political will of governments to undertake trade facilitation-related reforms;
- coordination and cooperation among the providers of technical assistance; transparency of reform programs as well as of the legal system;
- involvement of all the stakeholders in the execution of trade facilitation measures; and,
- use of agreed benchmarks.

31. The necessity of technical assistance to be sustainable and consistent with reform efforts at the national level was also highlighted by the delegates.

Doha Ministerial

32. At the Doha Ministerial meeting in 2001, trade facilitation was proposed for inclusion in the agenda as one of the “new issues” of a new round of multilateral trade negotiations.

33. Some members considered the issue ripe for negotiations in the WTO. A group of members advocating the negotiation argued that after more than four years of exploring and analyzing the scope for

WTO rules on this issue, argued that it was time to enter into negotiations. They proposed a two track approach, centered on commitments on border and border-related procedures to expedite the movement, release and clearance of goods.

- One track was to build rules upon existing WTO provisions, in particular GATT Articles V (freedom of transit), Article VIII (fees and formalities connected with importation and exportation) and Article X (publication and administration of trade regulations) as well as on principles such as transparency, due process, simplification, efficiency and non-discrimination. Such rules could cover simplification of data and documentation requirements, the streamlining of data entry and exchange or the use of international standards.
- The other track would develop and implement a comprehensive technical assistance program in parallel to negotiations. Such assistance would involve the cooperation and coordination amongst donors and recipients and include needs assessment as well as long-term monitoring and follow-up.

34. After intense and heated discussions, the Ministers finally agreed on the following language in the Doha Declaration:

“Recognizing the case for further expediting the movement, release and clearance of goods, including goods in transit, and the need for enhanced technical assistance and capacity building in this area, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations. In the period until the Fifth Session, the Council for Trade in Goods shall review and as appropriate, clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 and identify the trade facilitation needs and priorities of members, in particular developing and least developed countries. We commit ourselves to ensuring adequate technical assistance and support for capacity building in this area.”

Cancùn Ministerial

35. At the Fifth Session of the Ministerial Conference in September 2003, in Cancùn, Mexico, Ministers failed to agree on how to move forward. While a number of African countries were supportive of the basic goals of trade facilitation, they did not want to commit to new legal obligations in the WTO. There is concern that additional rules might exceed implementation capacities and uncertainty regarding dispute settlement in these areas. The concerns were worsened by the insistency by some countries that negotiations should be launched on all four Singapore issues (investment, transparency in government procurement, competition policy and trade facilitation).

July 3004 General Council Decision

36. After almost a year of stalled negotiations following the breakdown of talks at the last Ministerial meeting in Cancun, WTO Members adopted a framework agreement to keep the Doha Round trade negotiations alive on 31 July 2004. Regarding the Singapore issues, Members agreed to drop investment, competition and transparency in government procurement from the Doha work programme, stressing that "no work towards negotiations on any of these issues will take place within the WTO during the Doha Round". However, Members agreed to launch negotiations on trade facilitation, "with a view to further expediting the movement, release and clearance of goods, including goods in transit". The modalities for negotiations clearly spell out the need for special and differential treatment, technical assistance and capacity building for developing countries. This includes a caveat that these countries will not be required

to implement the final agreement in cases where support and assistance for the required infrastructure is missing or where developing or least-developed country Members continue to lack the necessary capacity.

Trade facilitation related agreements in the WTO

37. Although trade facilitation has not been dealt with comprehensively in the WTO work, some of the specific elements related to the simplification and harmonization of trade procedures were already included in the multilateral trade framework.

Box 2: Trade Facilitation Related Agreements

Various issues related to trade facilitation are contained in the GATT Articles V (freedom of transit), Article VII (valuation for customs purposes), Article VIII (fees and formalities related to import and export), Article X (publication and administration of trade regulations), as well as in the agreements on Customs Valuation, Import Licensing, Pre-shipment Inspection, Rules of Origin, Technical Barriers to Trade (TBT), and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS).

Issues in trade facilitation

38. The Doha Declaration limited the discussions of trade facilitation in the current round of multilateral trade negotiations to the area of customs procedures. In particular, work is focused on freedom of transit (GATT Articles V), fees and formalities (Article VIII), and publication and administration of trade regulation (Article X). These issues are particularly important to African countries. By lowering administrative and procedural barriers, trade facilitation should complement efforts to reduce tariffs and non-tariff barriers.

39. In many African countries trade expansion is hampered by administrative difficulties such as outdated or inconsistent legislation or regulations, burdensome official documentation or regulatory requirements, arbitrariness in the application of rules and procedures and difficulties in making payments or transfers, and official hindrances at ports or airports. These factors delay the movement of goods and services and add to the transaction costs of trading. Trade facilitation aims to alleviate these obstacles.

40. The needs for trade facilitation may differ among countries and sectors. Countries vary in the efficiency of their own trade procedures and the procedural, logistical or administrative barriers they face in international trade. Nevertheless, all parties should be able to gain from easier and lower-cost to trading conditions. Land lock countries have the most to gain.

41. However, there are costs associated with the introduction of trade facilitation measures (the redeployment, of scarce financial, physical and human resources). The associated costs are a significant burden for many African countries. The main challenge for the Doha agenda is how to deal with costs related to trade facilitation, technical assistance and capacity building for developing countries.

Simplification of Customs Procedures

42. There are various issues involved with easing trade procedures and requirements:

- Simplification and greater transparency in official documentation required for border crossing of exports and imports of goods and services. Simplification and transparency in border procedures, reducing delays in border crossings, and diminishing the potential for corruption.
- Simplification of packaging and labeling requirements and the harmonization of international standards and sanitary restrictions. However, many Africa countries have pointed out the

difficulty of participation in standards-setting operations, the persistence of differing national requirements, the difficulty of obtaining information, and the resulting severe physical and financial costs imposed on their exports to developed and other developing country markets.

- Transparency of information also facilitate trade, however, dissemination of information is somewhat restricted by the lack of internet technology in many African countries. The main challenge for the WTO would be the identification of specific needs and areas for technical cooperation and assistance.
- Simplification of procedures and concentration of controls in one department reduces transaction costs and diminish incidences of tariff and tax evasion. Easier means for payment of duties reduce the burden on the Customs authorities, banks, and traders, and also eliminate the chance for corrupt practices.

43. However, the changes required for trade facilitation require substantial investment. Administrative changes require re-training, and even a change in governmental and business ethos, which may be met with strong resistance from the existing institutions.

44. While use of electronic data management system and information technology opens new opportunities for trade facilitation they pose challenges for countries with underdeveloped physical and human infrastructure and the regulatory environment necessary for the use of electronic means. To be able to implement the changes necessary to facilitate trade countries would need a literate workforce, people with basic knowledge in using computers and skilled technicians to repair and service software, and hardware, physical access to computer hardware and software as well as a reliable supply of electricity, and a functioning telecommunications network.

45. Thus, expected difficulties in the use of electronic means in trade facilitation are a major constraint to the participation of most African countries. African countries will require substantial financial and technical assistance.

- Transparency, predictability and consistency of regulations can contribute substantially to trade facilitation. This will involve publication of all laws, regulations and administrative rulings; publication of new laws before their application; uniform and consistent application of customs laws, regulations, guidelines and procedures; and making legislation, procedures and documentation requirements transparent.

46. African countries stand to gain from transparency, predictability and consistency in border operations. An efficient border administration is an important recipe for trade facilitation.

Physical Movement of Consignments (transport and transit)

47. Many problems for transport operators relate directly to border-crossing requirements such as documentation, technical regulations and visa requirements. These issues are more relevant to intra-regional trade. Agreement and application of uniform international rules in areas such as information requirements for the movement of goods, reporting requirements for the movement of vessels in and out of ports, technical requirements for road transport vehicles, road charges, restrictions, visa requirements for drivers, and rules regarding the carriage of hazardous goods are of interest to African countries.

48. Facilitation in the areas of transport and transit might particularly benefit land-locked and island economies which are highly dependent on transport and transit rules for their exports. The biggest challenge for the WTO would be to figure out how to deal with these issues within the confines of the

WTO. Many of the areas identified above may be subject to international negotiations. For example, some issues, such as improvement of market access conditions for foreign transport companies, might potentially fall within the scope of the GATS. In addition, most of the issues such as port regulations and reporting, the harmonization of technical measures and fees placed on vehicles, and rules for the carriage of hazardous goods are not currently included in the ambit of the WTO.

Financial Requirements Related to Cross-Border Movement of Goods

49. The creation of more efficient payment and credit arrangements by banks and other financial institutions through an internationally agreed method for ensuring the legal validity and security of electronically exchanged payment messages can also facilitate trade. Restrictive governmental policies such as the prescription of specific payment methods impede trade. Liberalization of formalities related to payments, insurance and other financial requirements would also assist in facilitating trade.

50. African exporters will benefit from reducing the time between delivery and payment received as well as minimize the risks of not being paid at all. The more reliable the banks and the banking system in an African country, the greater the chance that a bank in that country will be chosen as the "third party" to an international payment. The establishment of well functioning, secure payment systems in African countries for imports and exports would therefore benefit both banks and traders.

51. The strengthening of credit insurance mechanisms would help African exporters. Exporters in developing countries are therefore in particular need for increases in the availability of export credit at lower interest.

52. The challenge for African countries is to identify their technical assistance needs of in reforming in the financial and banking sectors and to find financial resources for export credit programs.

Technical Assistance and Capacity Building

53. Trade facilitated requires changes in procedures and practices. It requires more modern information technology and staff with higher education and new skills. Modern information technology equipment requires a certain investment for initial set-up and maintenance. Thus, additional physical and human resources are needed in the initial phase of setting up institutions that will facilitate trade.

54. The biggest challenge for the WTO to deal with negotiations in trade facilitation is how to handle the issue of technical assistance and capacity building. Many African countries support the objectives of trade facilitation, but do not want to take on new legal commitments in the WTO at this point in time. Most African countries are concerned that additional rules will exceed their implementation capacities and expose them to dispute settlement.

55. In fact, the most significant problem facing African countries in implementing the Uruguay Round agreements has been inadequate technical assistance, particularly in the new areas like standards and intellectual property rights. They do not have enough capacity to meet the commitments they made.

56. African countries should identify the amount of technical and financial assistance they will need and seek the commitment of developed countries to the amount identified in their evaluation before trade facilitation negotiations are launched. The total amount of technical assistance is obviously going to be huge if it is to cover all aspects of trade facilitation and all developing countries. However, at country level these short-term costs of facilitating procedures must be compared to the longer-term costs of not doing so.

Prospects for a multilateral agreement

Kyoto Convention and Scope

57. Some WTO members have suggested that the Kyoto Convention should be the basis of discussion of the simplification of customs procedures. They argue that new rules in WTO in this area should include binding obligations on WTO members to accept and adopt the standards laid out in the revised 1999 Kyoto Convention. The convention is expected to provide a blueprint of procedures that customs could adopt for customs control and facilitating clearance.

58. It would be, however, difficult for Members to easily adopt the principles laid out by the Kyoto Convention when not all of the 40 contracting parties of the Convention have ratified the Convention yet.

59. Many African countries have already argued that the limited progress achieved to date in computerization and modernization of their customs procedures makes it difficult for them to accept any binding obligations in this area.

60. Another factor which will affect the negotiations is the question of cooperation with other organizations. There are other multilateral and regional organizations like WCO, UNCTAD and World Bank that have been working on the issue of trade facilitation. These organizations have instituted technical assistance programs in the area of trade facilitation for African countries. Some developing countries have expressed concerns about coordination between existing programs and the possible future work of WTO in the area of trade facilitation. They have argued that new work of WTO should not cut across the existing works of other organizations. Discussions on donor coordination will be particularly important as talks proceed.

61. The challenge for the WTO is how to handle the issue of technical assistance and capacity building. Consideration could be given to developing new modes of promoting coordination among international organizations in order to increase the effectiveness of technical assistance programs.

62. A successful outcome in trade facilitation negotiations will likely depend on whether two groups of members with quite different positions can narrow differences. In this respect, a relatively limited scope for talks focused on “the movement, release and clearance of goods, including goods in transit” may increase the scope for consensus.

Developing WTO Rules on Trade Facilitation

63. A look at trade facilitation measures carried out to date by individual countries or under regional agreements show that there is no single, “one size fits all” way of pursuing transparency, simplification or any of the other principles. Possible approaches should take account of the specific circumstances, needs and capacities of individual implementing countries. Defining and publicising typical times for Customs clearance is not about establishing world-wide standard delays, but about informing traders of the typical situation in a given country so as to allow them to better schedule the movement of goods. An important tool for simplifying border procedures is the standardisation of border-related requirements, as such requirements quickly become burdensome when they have to be repeated in a different form and content on each side of the border. A first, quite common step is to use standardised forms for providing information. Others include adopting standardised data elements.

64. They allow Customs to devote minimal attention and intervention to “low risk” travellers and shipments and to process them quickly, allowing the re-deployment of Customs resources on intensified controls for travellers and shipments judged to represent a higher, or unknown, risk. In addition to improving Customs productivity and efficiency, risk management systems do away with unnecessary

burdens on traders by downscaling physical inspection, reducing bottlenecks at border crossings, and replacing certain documentary controls at the border with post-transaction audits. They significantly enhance the predictability and consistency of border requirements by allowing the harmonisation of practices between different border points and the facilitation of information sharing.

65. Co-operation between border authorities to make controls more efficient and to simplify procedures is very important. Traders often have to fulfil the same requirements repeatedly for different agencies in a country, such as health and safety, food inspection, import licensing, tax collection, quality inspection or intellectual property enforcement. Such duplication not only raises the cost to traders in time and money, it increases the risks of error or ambiguity. This could be avoided through a co-ordinated intervention by border agencies, in the form of integrated inspection and clearance, or the establishment of a “single window” to meet all the requirements in one go. Co-operation between import and export authorities in different countries can be enhanced through mechanisms to ensure secure and accurate communications between governments and through the mutual recognition of formalities carried out by the competent authorities of the other party.

66. Information and communication technologies are important tools for promoting trade facilitation by enhancing transparency, ensuring consistency and supporting simplification (although procedures can be simplified without the use of automation). Automation can speed up clearance procedures by enabling the required data to be sent in advance of the arrival of the shipment, and not necessarily in office hours. Automation can also be used to harmonise the interpretation and implementation of Customs regulations across all border points, reducing the discretionary power of Customs officials and improving integrity. Investment would be needed anyway to maintain existing systems and procedures, given the ever-continuing growth in world trade.

67. Although the costs of such investment and reform are proportionally larger for developing countries, jumping on the automation bandwagon at a later stage may also be advantageous, because it enables latecomers to immediately adopt recent, powerful and affordable IT infrastructures and technical solutions without wasting time and money on the older paperless trading technologies used in OECD countries for the past 30 years. Such investment seems to pay off relatively quickly through the benefits brought by the system.

68. The key advantages of achieving a WTO undertaking in the area of trade facilitation would be renewed political impetus to make border controls more efficient and strengthened international coherence in tackling the issue. The need to enhance efficiency in order to face an increasingly complex international trading environment has been an important driving force behind Customs reforms undertaken at national level around the world in recent years. However, it has frequently not gone far enough to do away with deeply entrenched outdated institutional settings and cumbersome procedures. To be successful, a trade facilitation agenda needs wide political support and the sustained commitment of those involved in the formulation and implementation of trade policy, both within the administration and among the economic actors

69. Decisively launching the reform process and keeping it on the right track is crucial for achieving well-designed trade facilitation reforms that pay off quickly and end up being self-sustaining. Over-coming resistance to change from vested interests requires a considerable political effort that is not easy to muster without a high level of motivation. Trade facilitation rules in the framework of the WTO could offer this missing impetus at the multilateral level, providing an external discipline to ensure continuing domestic political commitment and shield from temptations to backtrack.

70. Trade facilitation efforts, national or international, need to be consistent between different policy areas. Partial approaches that lack coherence are a recipe for failure. Speeding up Customs clearance will

not help move goods faster if there is no road system to carry them. It is also a question of better coordination between the narrow area of trade facilitation and the areas of Customs valuation, rules of origin, import licensing or sanitary controls.

71. Moreover, insufficient capacity and lack of resources may frustrate even well-designed efforts. Some impetus may be given by regional and bilateral initiatives but the likely inconsistencies in these efforts hamper the achievement of a higher level of trade facilitation benefits. This appears for example very clearly in a number of assistance projects, whose results have been limited by their narrow geographical or sectoral focus and their incompatibility with the wider institutional framework. Trade facilitation rules in the WTO could provide a framework for coherence.

72. A coherent multilateral setting would also provide a solid background for designing well-targeted technical assistance and capacity-building projects, overcoming regional divides, ensuring that the projects' different components are mutually supportive and better targeting aspects of co-operation between border agencies of concerned countries.

73. It should be borne in mind that possible commitments in the area of trade facilitation are principally about working together towards the common goal of domestic and global efficiency and enhanced governance, rather than about countries making concessions as is the case with many WTO negotiations. Given this specificity, benchmarking, capacity-building and peer pressure would be critical in providing momentum, diluting the prospect of litigation under the dispute settlement mechanism.

74. To act as a driving force, such a multilateral effort needs to be challenging, but at the same time realistic. No external discipline or pressure can deliver tangible outcomes if the commitments go beyond the existing capacity of a particular country to meet them. Matching commitments with capacity means designing disciplines that correspond to the circumstances of member countries. A coherent framework of principles will offer the necessary benchmarks for ensuring consistency, so as to establish a meaningful diagnosis of the situation in each concerned country; and judge the appropriateness and efficiency of individual implementation measures. In the case of a WTO agreement, an essential question would be how to preserve flexibility, while formulating provisions sufficiently substantial and objective to shape member country efforts.

75. But matching commitments with capacity also means providing corresponding technical assistance where appropriate. Multilateral disciplines on trade facilitation will ensure a broad level of predictability in border controls in all participating countries, simplifying trade for all participants. The prospect of this benefit should bolster the willingness of donor agencies and the private sector to provide technical assistance aimed at underwriting the implementation of related commitments. In particular, the private sector may be eager to provide financial support for reforms aimed at enhancing economic activity if they are shown to be effective.