

ESF Call for Progress on Reaching a WTO Agreement on Trade Facilitation

International trade is one of the drivers of national prosperity, and the functioning of the international trading machine should therefore be of concern to all WTO members. Trade facilitation defined as the simplification, standardisation and automation of trade and customs procedures and associated information flows connected with the import and export of goods – i.e. the consequent reductions in costs and gains in efficiency – should thus be a priority for the WTO. This is not an exclusive for major trading nations and industries; even those members whose share in world trade is modest stand to gain from improvements in the global machine. The Doha Development Agenda offers a unique opportunity to move forward, and the consequences of failing to take advantage of the political openings that this agenda represents would be severe.

ESF has been encouraged by trade facilitation being the subject of a work programme in the WTO for the past 4 years and the agreement at the WTO Ministerial Conference in Doha to launch negotiations on trade facilitation after the 5th ministerial conference in Cancun, September 2003, subject to a decision on the modalities for such negotiations. One cannot escape the impression, however, that the work is building on the existing GATT articles, thereby largely focussing on trade in goods only.

Although customs processes are the most visible and widespread example of official intervention in cross-border business transactions, they are not the only significant factor when assessing the degree of trade facilitation. This implies an equal need of simplification and coordination of procedures applied by other government agencies involved in management of imports and exports under a “single window” (e.g. regulatory, sanitary and phytosanitary inspections).

The services industries, most notably maritime and air transport and express delivery services, as well as others including the banking and insurance sectors, are also directly meeting with outdated regulatory, procedural and other practical obstacles and inefficiencies. Procedural delays to the carriers themselves in sea- and airports are only one example. These hamper their operations, entail often hidden costs and affect the supply chain. These issues could and should equally be addressed in the context of trade facilitation negotiations.

From an ESF perspective trade facilitation is therefore rather seen as an environment-building activity designed to help participants in trade and transport operations find solutions that benefit all stakeholders and lay the groundwork for long-term growth in trade.

To become effective and sufficiently flexible for meeting new developments a WTO rules based trade facilitation agreement should probably have the character of a framework, integrating, enabling and promoting the standards and instruments of other specialised international organisations, such as the WCO, the UN’ IMO, ICAO, CEFACT and possibly also the World Bank. As stated by the WCO, such agreement can provide for political will and commitment, which is indispensable in pursuing customs reform as laid down in the WCO Revised Kyoto Convention.

Correctly understood and applied, trade facilitation will also much assist the security efforts for protection against the threats of the modern world. For this government agencies in particular must accept the need to work together more effectively and to exploit the wealth of information and expertise available in areas that hitherto they have perhaps been reluctant to enter, whether they are fellow agencies in the same or different countries or law-abiding companies with a clear interest in seeing the rules applied correctly. Security issues are not to be perceived as an obstacle to achieving a trade facilitation agreement, but even one of the key drivers towards greater transparency and efficiency that a WTO deal could deliver.

It is recognised that many developing-country governments, agencies and local business' communities are unaware of how competitive practices in international markets are changing in accordance with modern supply chain concepts. Also, and for multiple reasons, they may feel uncomfortable and reluctant towards changes in procedure and organization. Unwillingness or inability to adjust to new market practices carries the risk of becoming marginalized in international trade markets and in attracting foreign direct investment. Capacity building and technical assistance for offering expertise, guidance and in the effective and sustained implementation will therefore be crucial.

But trade facilitation is not an absolute – there is no cut and dried formula for making trade transactions easier and cheaper. Member's needs can well differ, and the priorities will also vary from country to country. The capacity building and technical assistance involved would vary and embrace the tried and tested formulae that have been used for years, as well as relatively new ventures. These ventures are designed to help members create and manage relationships with trading communities on a more open and even-handed basis, to assess and prioritise the impact of different measures on supply chains and to introduce horizontal initiatives aimed at removing bottlenecks in communication. A self-assessment approach should make it possible for countries to identify the assistance that would best match their needs and priorities.

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List of ESF Members Supporting the
Position Paper on Trade Facilitation – 25th June 2003

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