

CHAPTER 10 SIMPLIFYING FORMALITIES FOR IMPORTS, EXPORTS, AND TRANSIT

Formalities and documentation requirements: Article 10.1

Traders need to comply with various formalities and requirements including submitting documents, completing administrative procedures and exchanging information.

Cumbersome cross-border procedures represent a major barrier to SMEs. An excessive amount of paperwork significantly increases the time dedicated to complying with import, export and transit procedures and compliance costs for traders.

The need for simplified and easily accessible documents and formalities to facilitate cross-border transactions has been recognized in a number of international legal instruments, including the Revised Kyoto Convention of the WCO and in Article VIII 1(c) of GATT 1994 (Fees and Formalities connected with Importation and Exportation).

Article 10.1 encourages WTO Members to hold periodic reviews to simplify both trade formalities and documents and their alignment to international standards.

Members shall periodically review formalities and documentation requirements to minimize their incidence, complexity, time, and cost.

The measure

ARTICLE 10 FORMALITIES CONNECTED WITH IMPORTATION, EXPORTATION AND TRANSIT

1 Formalities and Documentation Requirements

1.1 With a view to minimizing the incidence and complexity of the import, export and transit formalities and simplifying import, export, and transit documentation requirements and taking into account the legitimate policy objectives and other factors such as changed circumstances, relevant new information, business practices, availability of techniques and technology, international best practices, and inputs from interested parties, each Member shall review such formalities and documentation requirements and, based on the results of the review, ensure, as appropriate, that such formalities and documentation requirements are:

- (a) adopted and/or applied with a view to a rapid release and clearance of goods, particularly perishable goods;
- (b) adopted and/or applied in a manner that aims at reducing the time and cost of compliance for traders and operators;
- (c) the least trade restrictive measure chosen where two or more alternative measures are reasonably available for fulfilling the policy objective or objectives in question; and
- (d) not maintained, including parts thereof, if no longer required.

1.2 The Committee shall develop procedures for the sharing by Members of relevant information and best practices, as appropriate.

Understanding the measure

What is covered?

Core obligation

WTO Members are required to periodically review formalities and documentation requirements for the release of imported, exported and transited goods to minimize complexity of laws and procedures.

The periodic reviews should ensure that measures are geared towards the rapid release and clearance of goods and to reduce compliance costs and time for traders.

In addition, Members are required to use the least trade-restrictive measures available and to eliminate those measures that are no longer needed, if circumstances have changed or if they can be addressed in a less trade-restrictive manner.

Scope

The reviews will ensure that trade documentation and formality requirements are:

- (a) Minimized in incidence and complexity of operations;
- (b) Decreased and simplified;
- (c) Adopted and applied for quick release of goods;
- (d) Applied in a manner aimed at reducing time and cost of compliance for traders;
- (e) The least trade restrictive measure chosen; and
- (f) Not maintained if no longer required.

What is not covered?

WTO Members can decide on the time frame and frequency of reviews. The TFA remains silent on which institutions or agencies should lead the review, and the means and mechanisms for completing the process.

Benefits and opportunities for stakeholders

Reducing unnecessary documentary requirements can have the following significant economic benefits:

- Fewer documents and forms that are easier to complete;
- Simpler, clearer border procedures that reduce the burden of compliance;
- Reduction in time, financial, and human resources resulting in lower transaction costs;
- Harmonization of forms and processes allowing smooth document transmission between countries and agencies;
- Easier reproduction and reduced risks of errors resulting in less cases where traders have to go through multiple iterations of submitting and correcting documentation;
- Smoother transition to automation and electronic document submission; and
- Reduction in the need to hire agents for complex requirements and fines imposed due to incorrect documentation which are especially burdensome for SMEs.

There are many benefits for government agencies as well as this is an opportunity to harmonize forms and processes; allow smooth transmission of information between countries and agencies; capture and analyse information requirements; remove duplication and standardize data; and map data to international standards in order to help improve administration controls and private sector compliance.

Implementation

Implementation checklist

The following checklist may be used to estimate the level of compliance with the measure:

- Make an executive decision to simplify and standardize import/export procedures and documentary requirements.
- Survey and assess existing commercial practices and official procedures among all stakeholders in trade facilitation.
- Raise awareness among all stakeholders about plans to introduce simplification measures, explaining its benefits.
- Take action to simplify the process by first eliminating outdated and redundant procedures and documentation requirements.
- Refer to international standards when reviewing essential documentation and formalities.
- Publish and make widely available new documentation and procedural requirements.

Preparing a national implementation plan

The following template may be used as a basis for a national implementation plan:

Implementation sequence	Actions suggested
	Preparatory phase
	If needed, adopt legal or administrative measures to support the obligation to review formalities and documentation.
	Designate a focal ministry to share responsibility (with NTFC) for overseeing simplification and harmonization of underlying processes, regulations and procedures.
	Set-up phase
	Conduct thorough business process analysis of existing procedures and documentation to create streamlined user-friendly documents. Standardize document design and data requirements.
	Harmonize trade data and documentation to international standards.
	Put in place a protocol of coordination with all relevant agencies so that documents and data may be shared.
	Assign sufficient trained staff.
	Conduct a public awareness campaign. Make documents available and transferable in electronic form.
	Management and follow-up phase
	Train staff and provide them with the necessary equipment/infrastructure.
	Follow up compliance of the measure.
	Conduct a reasonable and regular review of formalities, business processes and documentation requirements relating to import, export and transit.
Encourage users to give feedback and evaluation on the documentation.	
Average time for implementation	Between two and three years.
Leading implementation agency	Ministry of trade (with NTFC) is most commonly chosen as the leading implementation agency.

Key challenges

Harmonization of documents and processes can be a complex undertaking for those Members who do not have the required ICT capacity or a high degree of inter-agency coordination. Appropriate training for agencies' staff can be required to tackle development of new protocols for document management and simplification of procedures.

Key factors for success

In a cooperative environment, coordination among border agencies to review formalities and documentation requirements is crucial. Adequate ICT skills to put in place a monitoring mechanism is also essential to a successful implementation of the measure.