

EXPECTATIONS FROM THE WTO NEGOTIATION PROCESS ON TRADE FACILITATION

Firstly, I'd like to thank UNCTAD for allowing FIATA the privilege of speaking here today in front of so many of my esteemed colleagues, counterparts and fellow UNCTAD members.

Esteemed Chairman, Dear Ms Neufeld, Ladies and Gentlemen,

FIATA's expectation from the WTO process on Trade Facilitation is simple to eliminate all barriers which hinder automated communication within the Trade Chain. Freight Forwarders the central point in the distribution of goods from door to door depends from automated communication and have invested money and time to harmonise and to make their systems compatible to communicate electronically on an agreed standard, to reduce paper and to accelerate speed and to reduce transport time.

All tools are available today, and I am sad to see that all the time invested by enthusiastic people which believed in the progress that we stand at the same point as ten years ago. Thus force freight forwarders to develop in-house systems which enable them at least to communicate electronically in the closed environment of their company or at the best with their main customers.

Despite UN/EDIFACT, XML (extended mark-up language) and Interchange Agreements have freight forwarders still to print-out transport documents, customs documents, to attach certificate of origin to the customs document because trading partners down the Trade Chain still need paper.

The sad attack of terrorists in New York, which churned up the whole civilized world, forced the US Security to protect their citizens against threat and instructed the CBP (Customs Border Protection) to establish security measures. The order of CBP requested all carriers and freight forwarders to inform electronically all details of cargo loaded on board of vessels 24 hours before loading and on aircraft eight hours before arrival of the aircraft in the US to prevent possible terrorist attacks using cargo as threat.

For air cargo all involved, airlines, freight forwarders and shippers agreed to send the information electronically on an agreed global standard. However, the cake took the same CBP requiring the carriers and freight forwarders to send a hard-copy of the electronically sent information including all relevant documents in a separate pouch on board of the arriving aircraft which will be picked-up immediately after arrival by US security staff.

And here we are, the same information is required in paper purely because a bureaucratic security department needs paper and is not willing to print the electronic information received and ignoring

that just the trading partners have up-dated their software and invested billions to satisfy Homeland Security.

Airlines calculated that the paper required by CBP fills 39 B747-400 freighters which could be used for commercial cargo within a year and accordingly an unnecessary financial burden for the Trade. Why the paper which could be printed out at destination must be on board of an aircraft was never be justified by CBP and the bitter aftertaste remains whether the order is to hinder trade than to enhance security and to give an advantage to US exports which so far have not the burden of pre-information for their export shipments to other countries.

In fact a major problem is the bureaucracy world-wide which still requires paper although electronic data exchange is possible with most countries. WCO for example is very hard supporting electronic data exchange and makes any effort to secure the movement of global trade in a way that does not impede, but on the contrary, facilitates legitimate trade and improves customs operations.

Modern customs principles developed by the WCO and contained in the revised Kyoto Convention (International Convention on the Simplification and Harmonization of Customs Procedures) and other supportive initiatives have been proposed to their members.

These modern principles include the application of risk assessment techniques based on information provided electronically in advance of the arrival of the goods in order to identify high risk consignments, the use of modern technology, and a partnership with the trade. Most of them were originally developed as part of the trade facilitation efforts by customs in close consultation with the trade, and further improved to address security concerns while assuring the smooth flow of legitimate trade. Another important function of the Framework is to avoid imposing an unnecessary burden on the international trade community with different sets of requirements to secure and facilitate commerce. In this way, the Framework can be used to modernize and strengthen customs in preparation for its further progress in the 21st Century.

With respect to the implementation of the Framework and the possible outcome of the WTO negotiations, WCO should realistically accept that a phased approach will be required in accordance with each administration's capacity and its necessary legislative authority. WCO believe that a holistic approach, built upon the foundation of political will and integrity, is necessary for capacity building related to the implementation of international standards in customs. Furthermore, WCO should involve other border agencies to ensure integrated border management and control, which will facilitate trade and enhance security.

Unfortunately, all these efforts of WCO are not honoured by many Customs administrations not because they are not interested but the political situation in their countries impede the introduction of electronic data exchange outside the customs environment. This is humanly understandable. Two-third of customs officers would be made redundant if paper would be eliminated. That is not only a union problem but also a political issue where to place redundant persons without to run in a strike which paralyses the complete import and export of a country.

However, also within the trade bureaucratic obstacles exist, which impede the introduction of an electronic exchange of transport documents. Conventions as the Warsaw Convention and also the Montreal Convention 1999 specifically mention that the AWB must be handed over to the consignor if he requires it. As far as the negotiable Bill of Lading is concerned it is understandable that this document will continue to be a paper document. Despite the introduction of BOLERO the Trade still insists on a paper document. Whether this is ignorance of the seller or buyer or whether indeed in most countries the legislation requires negotiable documents in paper to be used in case of litigations before court is unknown.

Also non-negotiable documents in most cases are printed out only because a letter of credit is involved and banks require this document to clear the credit.

Unfortunately, we can not influence our customers to accept only electronic information and documents. This needs an education of all involved in the trade chain. The slide which demonstrates who are involved in air cargo transport gives only a small overview of the involved. Missing on this slide are banks, warehouses, governmental authorities (e.g. Tax Revenue) and other entities involved in the chain. Electronic commerce should not be the idea that somebody down the chain is still requesting transport documents duly signed if already connected electronically to the chain. Such interruptions of the transmission of e-docs are costly and in many times unsafe. It is proved that electronic signatures are far safer than manual signatures.

However, if government authorities still request paper we cannot expect that private persons do not protect themselves with original documents signed by the issuer if in litigations original documents are required by the court.

From November 1 to 3, 2005 IATA will held an e-freight symposium in Geneva and will clearly point to the issue that freight forwarders and carriers can communicate electronically together but the environment beyond these two parties require paper.

Before laws are not changed that governmental authorities are allowed to receive and send electronic information and documents and accepted by courts in litigations we have to live with it despite all efforts of UNCTAD, WTO, ICC, WCO and IATA to promote electronic commerce.

By the way I issued my last tax return in Switzerland in paper form duly hand written signed, despite I could download the form from the website including all guidance material.

FIATA strongly hopes that all present in this symposium and its members can show leadership in implementing e-commerce, relying on a strengthened partnership based on trust, which most users of electronic communication have not and must be educated that electronic signatures are much safer than a hand written one. This is the key to making the change towards a better world.

Thank you very much for your attention.