



Submission to the JSCOT Inquiry
into the
World Trade Organization (WTO)
Agreement on Trade Facilitation



EXECUTIVE SUMMARY

The Australian Chamber of Commerce and Industry welcomes the WTO “Bali Package” and encourages the Government to quickly approve and implement the agreement and encourage the requisite threshold of WTO nations to agree to ensure entry into force of this agreement.

The negotiation last December in Bali demonstrated that it is possible for the WTO members to agree and progress trade liberalisation. This is an historic agreement in itself, but it is the first step in a path that should be leading to a complete finalisation of the Doha Round.

Given its international nature, international trade should be regulated via international oversight – such as that offered by this agreement. More fully the Doha round of trade talks is crucial to trade enjoying greater freedom under the rule of international law, rather than attempting cohesion under infinitely fragmented rules of law attaching to each sovereign entity.

With traders facing multiplying preferential treaties and their aggregate complexity, harmonisation of the administrative aspects of these existing and future treaties should be the starting point of all nations seeking to better facilitate trade.

Harmonisation of administrative procedures generally, and within Preferential Trade Agreements, will not only bolster the rule of international law surrounding norms of trade regardless of the type or direction of trade, but will more importantly pave the way for accomplishment of World Trade Organisation multilateral negotiations.

The use of harmonised starting points from which to commence negotiations for trade agreements – for example the standards endorsed by the World Customs Organisation (WCO) in the *Revised Kyoto Convention* that reflect existing business practices – will aid in improving the streamlining of international trade and ultimately reduce costs for consumers.

Irrespective of the acceptance of this agreement within the WTO members, Australia should not wait to implement it domestically and also to support implementation in the nations within our sphere of influence. Where necessary, this should be a component of our Aid for Trade support to ensure that implementation is not delayed through a lack of resources in developing countries.

We recommend that the World Trade Organization (WTO) Agreement on Trade Facilitation be supported by JSCOT and urgently agreed by Parliament.



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1. IMPLICATIONS FOR AUSTRALIA

The World Trade Organisation (WTO) members must be congratulated for their perseverance in reaching the agreement at the 9th WTO Ministerial in Bali at the end of 2013. It is vital for the success of an efficient international system of administering trade that the WTO enjoy support from national actors, and that this support is translated into action.

WTO member countries have an urgent need for improved and harmonised trade facilitation which can offer significant reduction to the costs of international trade. Along with improvements to trade in general which will flow from the implementation of this agreement, Governments around the world will be forced to consider the obligations and the implications for the operation of Preferential Trade Agreements (PTAs).

In an attempt to increase the efficiency of international border crossing, some countries have opted to provide their exporters and importers with a 'Single Window'. The notion of the Single Window is that traders ought to be able to interact with one system to obtain and lodge diverse regulatory information. As the world moves increasingly to electronic documentation, the operation of Single Window systems will reduce the delays in export and import, in addition to centralising the regulatory documentation procedures and decreasing opportunities for corruption. Ultimately, however, Single Window systems must operate according to the various rules laid out in Trade Facilitation Agreement, and therefore overlapping systems need to be optimised.

The Australian Customs or Border Protection Service has indicated its willingness to seek improved services to international trade through its recently released *Blueprint for Reform of the Service 2013 - 2018*.

Similarly we welcome the announcement recently by Minister for Small Business, Bruce Billson, of a "digital by default" approach that the Government will take to assisting business transactions with the Government. It is hoped that this will extend to all international trade transactions.

2. IMPLICATIONS FOR PREFERENTIAL TRADE AGREEMENTS

Since the completion of the Uruguay Round of international trade talks in 1995, there has been little advancement in multilateral trade agreements. The current Doha Development Round is largely regarded as comatose, and in place of multilateral progress an explosion of bilateral and regional trade treaties (free or preferential trade



agreements) has flourished, each carrying varying conditions and requirements for trade between the signatories.

There is increasing global concern that the rise of bilateral and regional Preferential Trade Agreement's is causing increased complexity, which in turn is reducing the value of the agreements to the commercial sector. The Asian Development Bank reports that the numbers of PTA in Asia alone has tripled in the last decade from 70 in 2002, to 257 in January 2013.¹

Various commentators have coined the resulting barrier effect the *Spaghetti Bowl*, or *Noodle Bowl*. This reflects the notion that overlapping and inconsistent rules and administrative requirements result in confusion and higher costs for international business.

ACCI recommends that with the advent of the Trade Facilitation Agreement that all Governments, including Australia, review and revise their in force Preferential Trade Agreements (PTAs), and current negotiations, to ensure a consistent and harmonised approach to border crossing and commercial participation in global supply chains.

ACCI has previously called on the Australian Government to negotiate its future PTA's from streamlined or harmonised approaches that reflect existing business practice, and thereby reduce red tape and costs for business. Variations across each PTA (exacerbated if the one country has multiple systems in place) increase the transaction costs to the commercial sector. Similarly we would imagine that Customs costs also rise with variation in schemes, as officials receiving documents need to differentiate between Most Favoured Nation Trade and applicable PTA's as the goods pass through the border.

3. WCO TOOLBOX

The World Customs Organisation (WCO) membership represents 179 Customs administrations from around the world, dealing with 98 percent of international trade. The WCO adopted the "Dublin Resolution" at its Policy Committee meeting in December 2013, immediately after the conclusion of the 9th WTO Ministerial Conference in Bali, Indonesia. The Resolution commits the WCO and its members to the efficient implementation of the Agreement on Trade Facilitation.

The WCO has developed significant support materials which are available to assist national border agencies to implement the agreement including an implementation guide. These documents and materials can be viewed at:

<http://www.wcoomd.org/en/topics/wco-implementing-the-wto-atf.aspx>

¹ ADB, *Asian Economic Integration Monitor*, accessed at <<http://www.adb.org/sites/default/files/pub/2013/aem-201303.pdf>>



Front and centre on the pathway to supporting international harmonisation of the administrative elements of trade is the *International Convention on the Simplification and Harmonization of Customs procedures* (known as the *Revised Kyoto Convention*), which entered into force in its current form in 2006.² This convention provides practical international standards and guidance for many of the administrative aspects of international trade, and is based on several governing principles that arise from established state practice:

- Transparent and predictable Customs actions
- Standardisation and simplification of the goods declaration and supporting documents
- Simplified procedures for authorised persons
- Maximum use of information technology
- Minimum necessary Customs control to ensure compliance with regulations
- Use of risk management and audit based controls
- Coordinated interventions with other border agencies
- Partnership with the trade

There are currently more than 80 contracting parties to the *Revised Kyoto Convention*, including Australia, the United States, China, European Union, India and the UAE. The fact that the *Revised Kyoto Convention* has been popular is evidence that countries are willing to at least agree that there needs to be an agreed international standard by which trade is administered and treated – and it is on this point that other nations can firmly base decisions to move toward internationally agreed standards of administrative aspects of trade.

Also of great importance, is the existence and persistence of documentary and administrative practice reflected in the UN Layout Key for Trade Documents, developed during the 1960's, and maintained by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) in their *Guidelines for Application of the United Nations Layout Key for Trade Documents*.³ This international effort to harmonise and better streamline the administrative aspects of trade has a long history, and is the basis for documentation in harmonised trade.

4. AID FOR TRADE

The Government has recently announced changes to our Official Development Assistance programme with an increased emphasis on “Aid for trade”.

² http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv.aspx

³ http://www.unece.org/fileadmin/DAM/cefact/recommendations/rec01/rec01_ecetr270.pdf



A component of this programme should be utilised to support least developed and developing countries in our region to implement the Bali Package to ensure that implementation delays are minimised and resource constraints overcome.

A particular focus could be the Indian Ocean Rim where Australia is the Chair of the Association for the next 12 months. This region is often neglected but includes a number of nations from SE Asia to Africa. Many of these nations lack the financial resources to implement the requisite Customs procedures let alone the major infrastructure requirements necessary to give effect to the agreement in the short term.

5. CONCLUSION

Standardisation has been a hallmark feature of trade facilitation activity over centuries of trade. We support continued action on simplification and harmonisation of customs procedures, particularly in line with WTO standards, including the adherence to the WCO's *Revised Kyoto Convention* and the UN Layout Key.

At a business level, the Chamber movement, through the International Chamber of Commerce, working with the World Customs Organisation, has been at the forefront of improved trade facilitation procedures for many decades. The systems developed over this time are:

- Effective
- Efficient
- Accepted
- Predictable

These need to be the hallmarks of future actions in trade facilitation. The use of harmonised facilitation measures based on WCO and WTO supported standards will not only combat the administrative barriers presented by aggregate PTA's, but will ultimately help nations to pave a coherent path towards an eventual finalisation of the complete Doha Round.



6. ABOUT ACCI

6.1 Who We Are

The Australian Chamber of Commerce and Industry (ACCI) speaks on behalf of Australian business at a national and international level.

Australia's largest and most representative business advocate, ACCI develops and advocates policies that are in the best interests of Australian business, economy and community.

We achieve this through the collaborative action of our national member network which comprises:

- All eight state and territory chambers of commerce
- 29 national industry associations
- Bilateral and multilateral business organisations.

In this way, ACCI provides leadership for more than 300,000 businesses which:

- Operate in all industry sectors
- Includes small, medium and large businesses
- Are located throughout metropolitan and regional Australia.

6.2 What We Do

ACCI takes a leading role in advocating the views of Australian business to public policy decision makers and influencers including:

- Federal Government Ministers & Shadow Ministers
- Federal Parliamentarians
- Policy Advisors
- Commonwealth Public Servants
- Regulatory Authorities
- Federal Government Agencies.

Our objective is to ensure that the voice of Australian businesses is heard, whether they are one of the top 100 Australian companies or a small sole trader.



Our specific activities include:

- Representation and advocacy to Governments, parliaments, tribunals and policy makers both domestically and internationally;
- Business representation on a range of statutory and business boards and committees;
- Representing business in national forums including the Fair Work Commission, Safe Work Australia and many other bodies associated with economics, taxation, sustainability, small business, superannuation, employment, education and training, migration, trade, workplace relations and occupational health and safety;
- Representing business in international and global forums including the International Labour Organisation, International Organisation of Employers, International Chamber of Commerce, Business and Industry Advisory Committee to the Organisation for Economic Co-operation and Development, Confederation of Asia-Pacific Chambers of Commerce and Industry and Confederation of Asia-Pacific Employers;
- Research and policy development on issues concerning Australian business;
- The publication of leading business surveys and other information products; and
- Providing forums for collective discussion amongst businesses on matters of law and policy.



ACCI MEMBERS

ACCI CHAMBER MEMBERS: ACT AND REGION CHAMBER OF COMMERCE & INDUSTRY
BUSINESS SA CHAMBER OF COMMERCE NORTHERN TERRITORY **CHAMBER OF
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INDUSTRY ACCI MEMBER NATIONAL INDUSTRY ASSOCIATIONS:** ACCORD – HYGIENE,
COSMETIC AND SPECIALTY PRODUCTS INDUSTRY **AIR CONDITIONING & MECHANICAL
CONTRACTORS' ASSOCIATION** AUSTRALIAN BEVERAGES COUNCIL **AUSTRALIAN DENTAL
INDUSTRY ASSOCIATION** AUSTRALIAN FEDERATION OF EMPLOYERS & INDUSTRIES
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