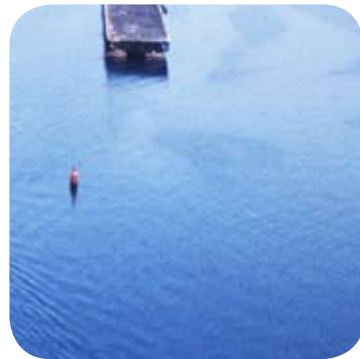


# Trade facilitation and Swedish experiences



**Kommerskollegium**  
National Board of Trade

**The National Board of Trade** is the governmental agency in Sweden dealing with foreign trade and trade policy. The Board is an expert authority on matters concerning international trade.

The Board's task is to promote free trade with transparent rules. The work thus aims at minimising all kinds of obstacles to trade. The Board works broadly to this aim – from acting against trade barriers and trying to solve trading problems, to performing studies on trade matters. Studies are either related to ongoing negotiations or more structural analyses concerning trade or issues related to trade. The Board continuously provides the government with analyses and background material.

The National Board of Trade performs its work for free trade on three levels:

- for an efficiently functioning internal market
- for a liberal common EU trade policy towards third countries
- for a strong and transparent multilateral trading system within the WTO

Based on its trade expertise the Board also takes part in development cooperation, in the form of activities for trade related capacity building.

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## Trade facilitation and Swedish experiences

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## Preface

Sweden is a very trade dependant country. Today nearly half of the consumed goods in Sweden is produced abroad and imported, while over half the Swedish production is exported.

Good conditions for trade thus are crucial for Swedish welfare. It has therefore been natural to engage in simple procedures for imports and exports, and trade facilitation has been a priority issue since the 1950s. Sweden has also been an active participant in the international work to elaborate standards and recommendations.

And there is surprisingly much to gain from trade facilitation efforts. According to our analysis of the potential gains from a deal in the Doha round (WTO), trade facilitation would leave a bigger economic contribution than agriculture, industrial goods or services. The benefits from trade facilitation are especially important for developing countries.

The National Board of Trade has the task of promoting a free trade with transparent rules. Our work thus aims at minimising all kinds of obstacles to trade. Trade facilitation is an important part of this – and increasingly so with decreasing levels for tariffs. Trade facilitation is hence becoming an increasingly important tool for development.

The Board actively participates in the global work regarding trade facilitation carried out in international organisations such as UN/CEFACT, WTO,

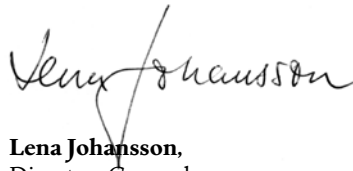
EU and OECD. The Board also hosts a trade facilitation forum, SWEPRO, for discussions and information regarding international work in the field of trade facilitation.

We have noted an interest to take part in Sweden's experiences in the area of trade facilitation. It is our hope that this publication can be a useful basis for further discussion on these issues.

This publication could not have been realised without a number of experts from the Swedish Customs, the Swedish Trade Federation, the Swedish Association of Local Authorities and Regions, and the Fredholm Consulting, contributing with their time and expertise.

The work has been lead by Linda Laszlo in close cooperation with Sofia Persson from the National Board of Trade. In addition, Johan Pontén, Henrik Isaksson, Sonia Albarello, Hans Flykt and Lotta Ruokonen have also contributed to the publication.

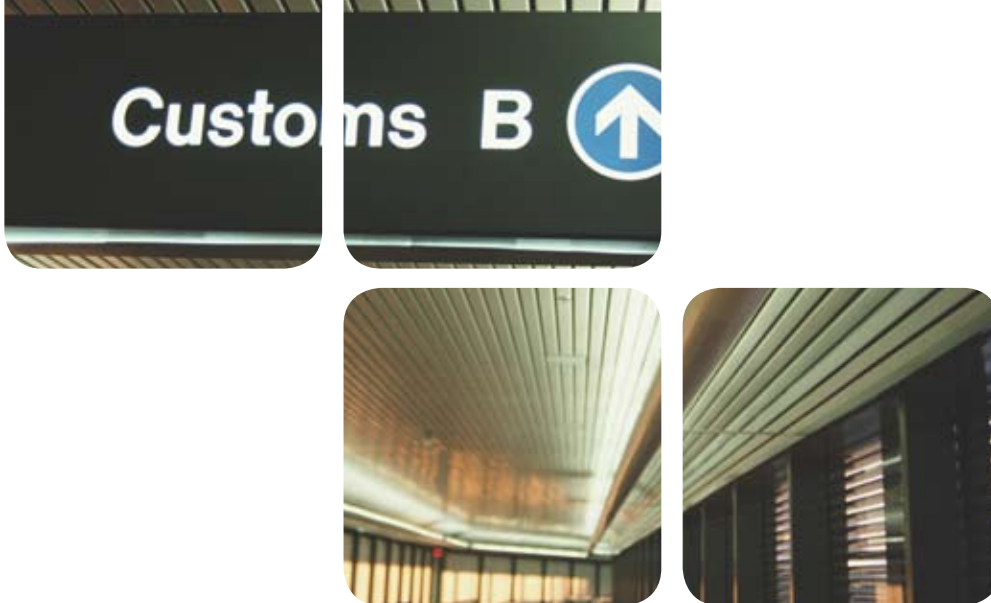
Stockholm, October 2008



**Lena Johansson,**  
Director-General

Part 1

# **Trade facilitation – an overview**



## 1 About trade facilitation

International trade is a key driver for economic growth and development. Countries are trading more and more with each other resulting in a rapid increase in the volume of international trade. According to the World Trade Organization (WTO), international trade has increased annually by 5,5% during the last decade<sup>1</sup>. Production is scattered around the globe and international trade has changed from complete goods towards intermediate and sub-assembled products. The increased globalisation of production, along with just-in-time logistic techniques, has made companies more dependent on efficient movement of their goods. "Traditional" trade barriers, such as tariffs, are gradually disappearing – both through multilateral negotiations and the increase in bilateral and regional free trade agreements. This development has contributed to making the costs of inefficient administration and cumbersome trade procedures more visible.

In this first part of the publication we will provide an overview of what trade facilitation is and mechanisms that can be used to achieve trade facilitation.

Trade facilitation measures can bring major benefits to both developed and developing countries in terms of increased competitiveness, reduced compliance costs, enhanced governmental control, increased predictability and transparency.

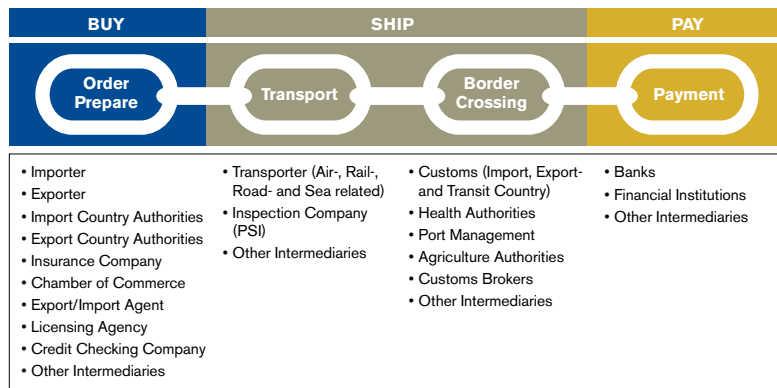
Governments, businesses and other stakeholders are the key actors in trade facilitation. Without political will, it is hard to make trade facilitation happen. Agencies involved in the trade chain need to work together in a coordinated way. Trade facilitation efforts should be carried out in close cooperation with the business community. Both parties have a clear interest in such a working method.

However, trade facilitation brings maximum impact only if efforts are joined at an international level. Not much is gained if all countries implement necessary but totally uncoordinated reforms. The full impact of the benefits of trade facilitation will occur when countries work together on an international level, developing and implementing globally accepted recommendations and tools. This is the work carried out by international organisations such as the United Nations (UN), the World Trade Organization (WTO) and the World Customs Organization (WCO).

<sup>1</sup> WTO, World Trade Report 2008.



**Figure 1.1 The Trade Chain**



Source: UN/CEFACT International Supply Chain Reference Model

## 1.1 The trade chain

Trade facilitation is a concept directed towards reducing the complexity and cost of the trade transaction process and ensuring that all these activities take place in an efficient, transparent and predictable manner.

It relates to a wide range of areas and activities such as government regulations and controls, business efficiency, transportation, information and communication technologies as well as payment systems.

Customs play a central role in the trade chain but in order to achieve trade facilitation all agencies at the borders must be involved.

The figure 1.1 shows examples of possible parties involved in a trade transaction.

## 1.2 Trade facilitation principles

The National Board of Trade considers the fundamental principles for trade facilitation to be transparency, harmonisation, standardisation and simplification. To achieve trade facilitation in the best possible way, full cooperation is necessary on these principles between authorities and the business community, as well as between the different authorities that are involved in the supply chain. See Figure 1.2.

**Figure 1.2 Trade facilitation principles**



**Transparency** – ensuring that information, requirements and processes for crossing borders are clear and specific and easily accessible for all involved.

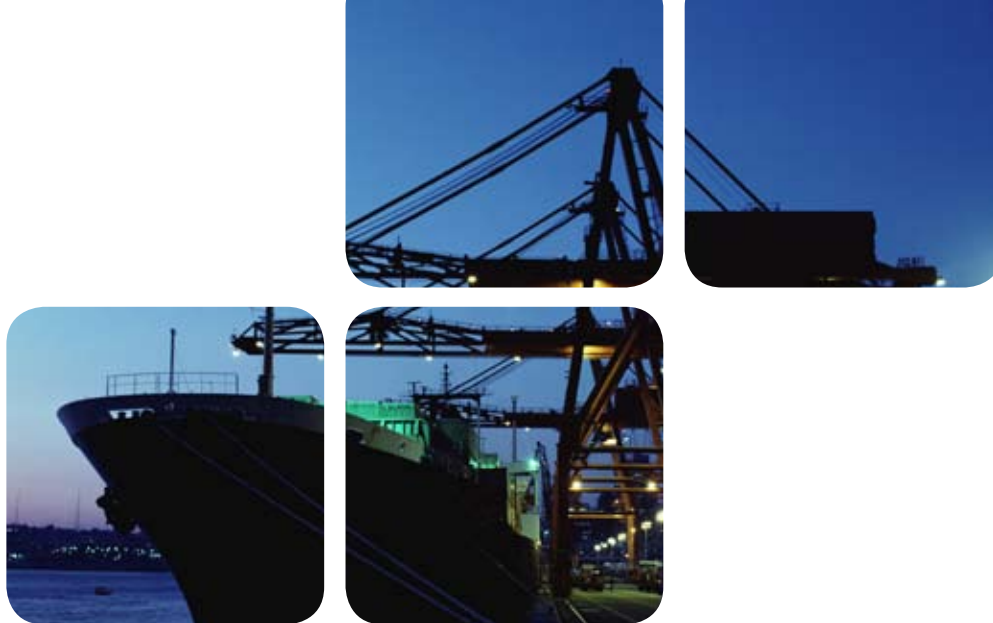
**Harmonisation** of applicable laws and regulations.

**Standardisation** of information and requirements and the use of ICT to exchange information efficiently.

**Simplification** of administrative and commercial formalities, procedures and documents.

## 1.3 Gains and benefits

There are great potential gains to receive from trade facilitation. Time and money are wasted because of outdated trade procedures that hamper business, stifle growth and hold back economic development. Unnecessary and excessive data and documentation requirements, lack of transparency in customs, excessive clearance times, lack of coordination, and the absence of modern techniques, are just a few of the problems contributing to this. The importance



of ensuring that trade can flow with minimum impediments, with higher security levels and more efficient government control methods, has been the focus of attention.

Trade facilitation benefits all stakeholders involved – the business community as well as governments. The business community gains from trade facilitation through faster delivery and reduced transaction costs. It is important for traders that the application of rules is predictable. This will allow them to know what to expect in their everyday contacts with customs and other authorities. Simple and efficient trade procedures lift the burden of bureaucracy for companies and they can instead focus on their core activity. This is particularly important for small and medium sized enterprises (SME:s) that face proportionally higher costs for complying with cumbersome procedures than larger companies. In a transparent trade regime market participants have a clear view of the rules applied on the respective markets. Their production can thus be based on an accurate assessment of potential costs, risks and market opportunities. Transparency is also essential for attracting foreign investments. A country with a transparent trading regime and efficient procedures is more likely to attract foreign investments and increase its international trade<sup>2</sup>.

The government will also gain from having a transparent trading regime in which the rules and the procedures are clearly communicated. In this

kind of trading regime there will be less risk for corruption and discretionary decision by individual officials. Corruption is increasingly recognised as an important problem that hampers trade and growth. National government administrations are able to utilise modern procedures to enhance control, ensure proper collection of revenue and at the same time contribute to the economic development through increased trade.

According to the experience of many countries, the positive results of trade facilitation will furthermore be both greater and more quickly achieved through the implementation and use of information and communication technology (ICT).

### **Benefits in quantitative terms**

It is difficult to assess the gains from trade facilitation in quantitative terms. Trade facilitation reduces the costs associated with trade (so called transaction costs). Transaction costs can be further divided into direct and indirect costs. Direct costs are fees and charges which provide government revenue and employment. Indirect costs, on the other hand, constitute a deadweight loss and do not create any revenue. According to the Organisation for Economic Cooperation and Development, the OECD, the transaction costs account for between 1–15% of the total transaction value of goods being traded<sup>3</sup>.

<sup>2</sup> WCO, [www.wcoomd.org](http://www.wcoomd.org) "Benefits of Trade Facilitation".

<sup>3</sup> OECD, Policy Brief: "The Costs and Benefits of Trade Facilitation", Oct 2005.

## 1.4 How to make trade facilitation happen

Any approach to implementing trade facilitation measures should take into account the specific circumstances, needs and capacities of individual countries. There is no single solution in pursuing transparency, simplification or any of the other principles. Trade facilitation is strengthened by alliances and partnerships with international and local stakeholders in both the public and the private sectors. The key elements are broad multilateral cooperation and dialogue between:

- *The Government* (e.g. ministries of trade, transport, and finance, including customs, and related institutions), in designing and implementing national laws and regulations regarding trade and transport.
- *The Trading Community* (importers and exporters) who can benefit from such solutions in their international trade transactions and service providers (transport operators, banks, insurance companies, etc.) by offering market-oriented trade and transport solutions, and lowering the transaction costs of the flow of goods and money.

### Facilitation Measures

Examples of reforms that would increase efficiency, transparency and predictability could be:

- The **reduction, simplification and standardisation of data and documentation** required by customs and other agencies.
- The creation of an environment that allows for **systematic dialogue between government and the business community**.

- The **coordination and cooperation between customs and other control agencies (for example the ministry of agriculture)**, with the view to achieve a “single window”.
- The **creation of National Trade Facilitation Bodies**, in order to achieve the required level of dialogue and cooperation between the public and private sector (UN/CEFACT Recommendation No. 4).
- The **use of “aligned documents”**, in particular the United Nations layout Key for Trade Documents.
- Establishing “**Trade Enquiry Points**” where all trade related information is available.
- **Adjusting the opening hours** of border crossings to commercial needs and flexibility to work outside usual business hours.
- **Publicising laws, procedures and other rules** affecting import/export, in a simplified manner within an agreed timeframe.
- Establishing **right of appeal** for traders in matters arising from the activities of border agencies. There should be a timely right of appeal to an agency independent of the border agency.
- **Information and Communications Technologies (ICT)** are important tools for promoting trade facilitation by enhancing transparency, ensuring consistency and supporting simplification.

A country may accomplish many trade facilitation measures by making national reforms within their own government administrations. However, and as we have pointed out earlier in this chapter, the full impact of the benefits of trade facilitation will occur when countries work together on an international level, developing and implementing globally accepted recommendations and tools.

### Challenges to trade facilitation efforts

It has been discussed earlier on in this chapter how much a country can gain through trade facilitation. However, if the benefits are so evident, why are some countries reticent to commit to trade facilitation?

Conditions which make trade facilitation efforts more challenging/difficult include:

- lack of governments’ political will to make changes
- lack of trust between the private and public sectors
- lack of means to assess and ensure compliance of reforms
- inadequate coordination between governmental agencies

- difficulties in meeting requirements of international standards
- lack of funds and competing development demands
- corruption

These are only examples of negative aspects, but their existence and effect varies widely between individual countries. It is wrong to believe that the magic solution is to simply transfer pre-made trade facilitation programmes from one country to another. Reforms must be based on the need and current situation in each particular country<sup>4</sup>.

<sup>4</sup> OECD, Policy Brief: “Trade Facilitation: The Benefits of simpler, more transparent Border Procedures”, Aug 2003; The National Board of Trade; “What is Trade Facilitation? – Basic concepts and benefits”, 2005 and “Trade Facilitation from a Developing Country Perspective”, Sweden, 2003.

## 2 Trade Facilitation – International Standards and Instruments

The purpose of having international standards and instruments on trade facilitation is to ensure that the procedures of international trade work towards the same general direction, with compatible tools and globally accepted measures. Reforms on a national level are important, but little is gained if all countries implement necessary but uncoordinated reforms. As we have already pointed out in chapter 1, the full impact of the benefits of trade facilitation will only occur for both the private and public sector when countries work together on an international level, developing and implementing globally accepted recommendations and tools.

In this chapter we will present a selection of organisations that have developed standards, tools and recommendation that are relevant to trade facilitation. The list of organisations described in this chapter is by no means exhaustive. There are a number of other organisations, both regional and international, that develop relevant trade facilitation instruments. In addition to this, there is a large body of standards and recommendations that are elaborated on within specific sectors such as transportation, banking etc.

The international community has at its disposal a large number of standards and recommendations on trade facilitation issues that reflect best practices. These standards and recommendations have been elaborated on by a number of organisations, such as the World Customs Organization (WCO), the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), the United Nations Conference on Trade and Development (UNCTAD) and others.

Using international standards and recommendations benefits governments since they do not have to “reinvent the wheel” but can draw upon existing solutions when implementing the trade facilitation measures. For operators trading in various countries, business is greatly simplified if trade procedures and documentation in these countries are based on common standards and, to the greatest possible extent, harmonised. This is particularly true when it comes to electronic exchange of data and documents.

The objective of the ongoing WTO negotiation is to improve and adapt the WTO rules on trade facilitation to suit today’s trading system. In proposals in the negotiations, countries make reference to existing standards and instruments on trade facilitation. The WTO rules on trade

facilitation would, contrary to the other international organisations recommendations, lead to binding rules.

### 2.1 United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT)

UN/CEFACT is the UN Centre for Trade Facilitation and Electronic Business. Its principal focus is on facilitating national and international transactions through the simplification and harmonisation of processes, procedures and the flow of information. UN/CEFACT works in a practical way with the development of tools and recommendations through a number of different working groups.

UN/CEFACT is located in the UN Economic Commission for Europe (UNECE), which is part of the United Nations network of regional commissions. The UN/CEFACT working groups consist of participants from inter-governmental organisations, individual countries’ authorities and also from the business community.



### UN/CEFACT's standards and recommendations

UN/CEFACT has developed a series of trade facilitation and e-business standards, recommendations and tools for international trade. These tools are available for countries or businesses to implement and they reflect best practices in trade procedures and data and documentary requirements.

There are currently 34 UN/CEFACT trade facilitation recommendations (see Annex 1 for a complete list). The recommendations are reviewed and updated on an ongoing basis. Some have as their purpose to reduce the complexity of existing procedures, while others strive to harmonise transaction data or the methods used for data transmission.

The application of these standards and recommendations by individual countries can vary. It depends on their unique conditions, needs and priorities, as well as on their resources. However, regardless of how they are applied, UN/CEFACT argues that these standards should create a solid basis for successful international trading.

Among the recommendations there are two that have been approved and endorsed by the Economic and Social Council of the United Nations as Global United Nations Recommendations because of their importance on a global level:

- Recommendation 1, on the United Nations Layout Key for Trade Documents
- Recommendation 25, on the use of UN/EDIFACT is the international standard for Electronic Data Interchange.

### UN Layout Key

The UN Layout Key is an international model for simplification and standardisation of documents used in international trade. The UN Layout Key is a document model which could contain all data elements needed in various trade documents and set them out in certain defined spaces. It also stipulates paper size, form design and list of items to be included.

Sweden was one of the driving forces behind the agreement on this model in 1963. Several stakeholders in Sweden had been working on simplifying trade documents. The result of the work was

**Figure 2.1 UN Layout Key for Trade Documents**



Source: UN/CEFACT, Recommendation No 1

brought into the UNECE and lays as a foundation in the work on the UN Layout Key. Various international organisations responsible for banking, customs, freight forwarding and for transport by sea, rail and road aligned their documents to the UN Layout Key.

In 1973, the UNECE adopted the Layout Key and issued it as its Recommendation No 1 “United National Layout Key for Trade Documents”.

### **UN/EDIFACT: international standard for Electronic Data Interchange**

Electronic Data Interchange (EDI) of trade data came about when technological developments enabled new ways of handling and transmitting information. Traditionally, the information flows associated with international movement of goods has been in paper format. Now the information could be interchanged electronically.

When using automatic data processing and transmission, a common “language” must be used. Therefore the UN/CEFACT and its predecessor, the UNECE Working Party on Facilitation of International Trade Procedures, elaborated an international standard for EDI: the UN rules for Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT). EDIFACT is defined as a set of internationally agreed standards, directories and guidelines for the electronic interchange of structured data, and in particular related to trade in goods and services between independent, computerised systems.

## **2.2 World Customs Organization, WCO**

The World Customs Organization (WCO) is an intergovernmental organisation based in Brussels and established in 1952 under the name Customs Cooperation Council. Its mission is to improve the effectiveness of customs administration by, among other things, creating international instruments for the harmonisation of customs systems and by effective communication between its member states. The WCO today has 174 members.

To fulfil its mission of improving the effectiveness and the efficiency of its member, customs administrations across the world, WCO develops and administers various international instruments, tools and standards for the harmonisation and uniform application of simplified and effective customs systems and procedures governing the cross-border movement of commodities, people and means of transport. Trade facilitation, in the WCO context, means the avoidance of unnecessary trade restrictions. The WCO argues that this can be achieved by applying modern techniques and technologies, while improving the quality of controls in an internationally harmonised manner. A selection of WCO’s most important conventions, methods, standards and capacity building programmes are mentioned below:



### **WCO Revised Kyoto Convention**

The International Convention on the Simplification and Harmonization of Customs procedures (Kyoto Convention) entered into force in 1974 but was revised and updated in 1999.

The revised Kyoto Convention is one of the major international instruments developed by the WCO. The Convention is recognised as an international standard, and is used as a benchmark for the global customs community. The convention contains modern and efficient customs formalities and procedures, harmonised customs documents for use in international trade and transport and provides for the use of risk management techniques and the optimal use of information technology by customs administrations.

### **WCO HS Convention**

The harmonised system of HS is a nomenclature for the classification of goods. It was developed by the WCO through the form of an international convention called the WCO's International Convention on the Harmonized Commodity Description and Coding System (HS Convention). There is a periodic review of the HS convention and the most recent version was released in February 2007.

The HS Convention contributes to the facilitation of international trade by providing a common basis for the classification of goods and the collection of customs duties. Over 190 countries use the HS system as a basis for their customs tariffs and for statistical purposes. Over 98% of world trade is classified in terms of the HS.

The WCO has an HS Committee that meets regularly to discuss classification issues and the committee also administers a dispute settlement mechanism for issues related to HS classification.

### **The Revised Arusha Declaration on Customs Integrity**

In 1993 The WCO Council adopted the Arusha Declaration on Customs Integrity, which was revised in June 2003. It contains ten elements that provide a practical basis for the development and implementation of a range of integrity or anti-corruption strategies that are relevant to the customs operating environment. Elements included are for example: Leadership and Commitment, Regulatory Framework, Transparency and Relationship with the Private Sector.

### **WCO Framework of Standards to Secure and Facilitate Global Trade**

In 2005 the WCO Council adopted the Framework of Standards to Secure and Facilitate Global Trade (SAFE). The SAFE framework is one of the most ambitious initiatives for security in the supply chain and it has a potential to affect almost all world trade if all WCO members implement it. Moreover, the framework also applies to all modes of transport. SAFE is a tool that aims to protect the international supply chain from threats posed by international terrorism, organised crime and other customs offences, while providing a platform to facilitate the movement of legitimate goods traded internationally. SAFE is based on four core elements that are intended to permeate the work of improving security in the supply chain:

- Advance electronic information: SAFE has been formulated in such a way that it harmonises the elements of data required in electronic advance information on imports, exports and transit shipments.
- Risk management: each country participating in SAFE undertakes to introduce a consistent risk management approach that addresses threats to security.
- Outbound inspection: in line with the importing country's request and based on a comparable risk targeting method, the exporting country shall perform an outbound inspection of high risk containers and cargo, preferably with equipment that does not require the cargo to be physically opened, for example large-scale X-ray machines and radiation detectors.
- Business partnership: SAFE defines benefits that customs authorities shall offer businesses that meet minimal supply chain security as well as standards and best practices.

SAFE consists of 17 security standards broken down into two pillars: *customs to customs network arrangements* and *customs to business partnerships*.

### **WCO Columbus Capacity Building Programme**

Since 2006, the WCO has initiated a number of capacity building programmes and activities. The most significant is the WCO Columbus Programme. It is aimed at customs modernisation and implementation of the SAFE and the Revised Kyoto Convention as well as other trade facilitation standards and best practices.



When SAFE was adopted the question arose whether all WCO member states would be able to implement the framework in its entirety. The WCO members recognised that there exist a clear risk that countries which lack capacity, in the form of both infrastructure and administrative capacity, would not be able to fulfil SAFE's requirements in respect to security measures. Consequently the participation of poor countries in international trade could be made difficult. To help rectify this problem the customs authorities in the USA, Canada, Australia, the EU and Japan offered to help developing countries that show the political will to implement SAFE but lack the means to do so. Each country shall have an individual implementation plan. The WCO is also working with the regional introduction of SAFE. For example, the East African Community (EAC), the Southern Africa Customs Union (SACU), the Economic Community of West African States (ECOWAS) and the Association of Southeast Asian Nations (ASEAN) shall cooperate to harmonise the introduction of SAFE.

## 2.3 United Nations Conference on Trade and Development (UNCTAD)

The United Nations Conference on Trade and Development (UNCTAD) was established in 1964. The objective of UNCTAD's work is to maximise the trade, investment and development opportunities of developing countries and to assist developing countries facing challenges arising from globalisation.

The organisation has three key functions; firstly to function as a forum for discussions between experts, secondly to undertake research, policy analysis and data collection on various subject matters, and, finally, to provide technical assistance to developing countries. UNCTAD is one of four observer organisations in the WTO trade facilitation negotiations and has conducted workshops and research aiming to improve developing countries' participation in the negotiations.

ASYCUDA is a computerised customs management system developed by UNCTAD which we believe deserves special mention in this material on trade facilitation.

### ASYCUDA – Automated System for Customs Data

ASYCUDA was developed by UNCTAD at the request of the Economic Community of Western African States (ECOWAS) to assist in the compilation of foreign trade statistics in their member states. It has developed into a customs management system which covers most foreign trade procedures. The system handles manifests and customs declarations, transit, suspense procedures and accounting procedures. It generates trade data that can be used for statistical economic analysis.

Major revisions of the ASYCUDA software have led to a very stable and highly reliable system. The system takes into account the international codes and standards developed by ISO<sup>5</sup>, WCO and the United Nations.

To date over 80 countries have installed ASYCUDA, or are in process of doing so.

## 2.4 International Chamber of Commerce (ICC)

The International Chamber of Commerce (ICC) is a business organisation with national committees in a large number of countries and an International Secretariat in Paris. ICC elaborates voluntary rules and standards that contribute to facilitating international trade such as:

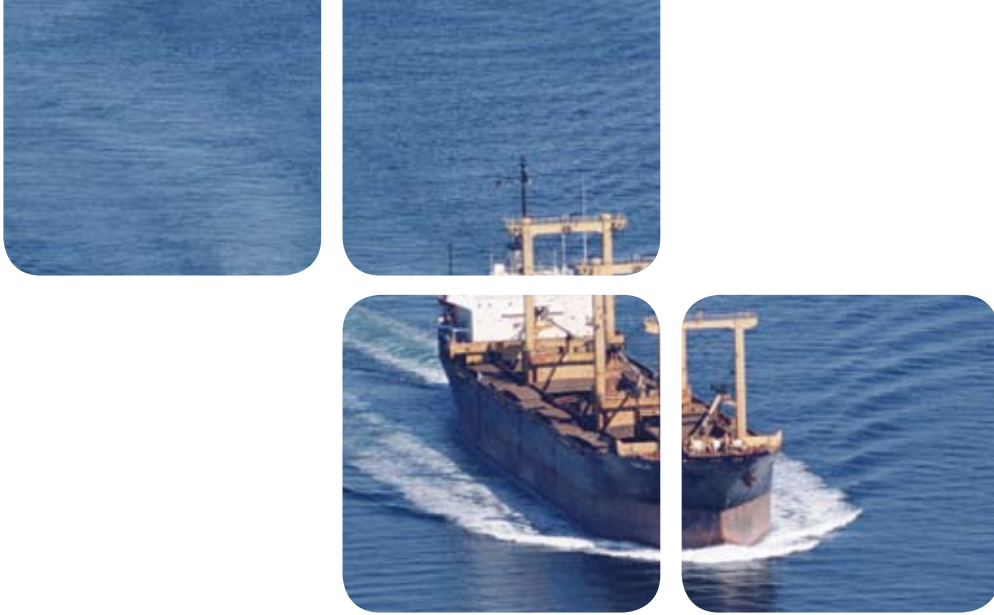
- *ICC Incoterms* which are standard international trade definitions.
- *ICC's Uniform Customs and Practice for Documentary Credits (UCP 500)*, which are the rules that banks use for documentary credits, collections, bank-to-bank reimbursements and demand guarantees.
- *ICC codes on advertising and marketing* are frequently reflected in national legislation and the codes of professional associations.
- Rules for arbitration for international business disputes in the ICC International Court of Arbitration.

## 2.5 International Maritime Organization (IMO)

The International Maritime Organization (IMO) was established in 1948 in Geneva. It is an agency in the UN system. Its main mission is to develop and

<sup>5</sup> International Organisation for Standardisation.





maintain international rules for shipping which include safety, environmental concerns, legal matters, technical cooperation and efficiency in shipping. The IMO has 167 member states at the present time. The IMO's *Convention on Facilitation of International Maritime Traffic (FAL)* was adopted in 1965 to prevent unnecessary delays in maritime traffic, to aid cooperation between governments, and to secure the highest practicable degree of uniformity in formalities and other procedures.

The IMO's *Safety of Life at Sea Convention (SOLAS)* addresses maritime safety and its most recent update is from 1974. After the terrorist attacks on September 11, 2001, the members of the IMO agreed to develop security measures for ships and ports. The result was the *International Ship and Port Facility Code (ISPS Code)*, which is an amendment to SOLAS. ISPS lays down requirements in respect of maritime security and recommendations on ways in which these requirements shall be met. The ISPS code, was introduced in July 2004 and in August of the same year 89.5 per cent of 9 000 ports and more than 90 per cent of all ships had been approved in accordance with the Code.

## 2.6 International Transport Union (IRU)

The International Road Transport Union (IRU) is a network of national associations representing the transport industry. In a trade facilitation context

IRU is relevant in its capacity as international guarantor of the TIR carnet system.

The *TIR convention* was elaborated in the UNECE and the convention has 68 contracting parties. The TIR system was devised to facilitate the international movement of goods under customs seals. The system provides transit countries with the required guarantees to cover the customs duties and taxes at risk. Through its network of national member associations the IRU administers an international guarantee chain throughout all countries with which a TIR transit operation can be established. The national member associations of the IRU are authorised by their national customs authorities and by the IRU to act as issuing and guaranteeing bodies for TIR carnets on the territory of the country where they are domiciled.

## 2.7 World Trade Organization (WTO)

The World Trade Organization (WTO) was established in 1995 and succeeded the GATT (General Agreement on Tariffs and Trade). The WTO is a forum for trade negotiations, rule setting and resolution of trade disputes with 153 member countries.

WTO core principles:

- *Most favoured nation principle*. Countries can not normally discriminate between their trading partners. All WTO members should enjoy the same trading conditions.

- *National treatment*: No member country may discriminate between its own products and imported products.
- *Transparency*: All rules affecting trade must be transparent. Means to ensure this are through publication, notification, discussion and trade policy reviews of individual countries in the WTO.

### **The WTO negotiations on trade facilitation in the Doha Round**

The Doha Development Agenda (DDA) is the 9<sup>th</sup> round of the WTO trade negotiation that seeks to further liberalise trade and review trade rules. Issues under negotiation include, for example liberalisation of trade in agricultural and industrial goods, liberalisation of trade in services and trade facilitation. The WTO member countries have had difficulties agreeing in the negotiations, which has resulted in a dragged on process.

The Doha Development Round was launched in 2001 but trade facilitation became a part of the negotiation in 2004 after a decision by the WTO General Council. The scope of the trade facilitation negotiations concerns rules, formalities, procedures, documents and fees needed for import, export and transit. The objective is to achieve simple and modern trade rules that benefit both government and traders.

Trade facilitation is not a new issue in the WTO and the negotiations aim at clarifying and improving three existing GATT Articles on:

- Freedom of Transit (GATT Articles V)
- Fees and Formalities connected with Importation and Exportation (GATT Article VIII)
- Publication and Administration of Trade Regulations (GATT Article X)

The negotiations shall also find provisions for effective cooperation between customs or other appropriate authorities on trade facilitation and customs issues.

It is recognised that in order to fully reap the benefits from trade facilitation a basic infrastructure supporting trade such as road and rail infrastructure, port facilities, telecommunications facilities, etc, have to be in place. However, these aspects are not covered by the negotiations.

The text in the mandate, called Annex D<sup>6</sup>, on special and differential treatment for developing countries and technical assistance for implementation is considered a novelty in the WTO<sup>7</sup>. The mandate states that “the extent and the timing of entering into commitments shall be related to the implementation capacities of developing and least developed members”. Members, in particular developed countries, should commit to deliver support and assistance to allow implementation. It is stated that “in cases where required support and assistance for such infrastructure is not forthcoming, and where a developing or least-developed Member continues to lack the necessary capacity, implementation will not be required”.

If the negotiations are terminated and the member countries agree on trade facilitation, the next phase will take over: implementation of the agreement. From the mandate it is clear that countries shall not be forced to implement measures if they lack the capacity to do so, and if no technical assistance is forthcoming.

See Annex 2 for a presentation of proposals made in the negotiations.

#### **Issues discussed in the WTO trade facilitation negotiations**

- |  |   |
|--|---|
| A. Publication and availability of information                   | H. Formalities connected with importation and exportation |
| B. Time periods between publication and implementation           | I. Consularisation  |
| C. Consultation and commenting on new and amended rules          | J. Border agency cooperation                              |
| D. Advance rulings   | K. Release and clearance of goods                         |
| E. Appeals procedures  | L. Tariff classification                                  |
| F. Other measures to enhance impartiality and non-discrimination | M. Matters related to goods in transit                    |
| G. Fees and charges connected with importation and exportation   | Customs cooperation                                       |

(See Annex 2 for a more indepth presentation of the issues)

<sup>6</sup> *Annex D Modalities for Negotiations on Trade Facilitation* (annex to the WTO General Council's decision on the Doha Agenda work program called “July package”, 2004).

<sup>7</sup> Kleen P (2008) “So alike and yet so different: A comparison of the Uruguay Round and the Doha Round”, ECIPE, Jan Tumlir Policy Essay No 02/2008 p 15.

## **Existing WTO agreements that are relevant for trade facilitation**

In addition to the three existing GATT articles, there are several agreements in the WTO that are relevant in a trade facilitation context, see below:

### **AGREEMENT ON CUSTOMS VALUATION (CVA)**

The purpose of the Customs Valuation Agreement (CVA) is that all WTO members should apply a fair, uniform and neutral system for the valuation of goods for customs purposes.

### **AGREEMENT ON RULES OF ORIGIN**

The objective of the Rules of Origin Agreement is to ensure that the rules of origin do not have restricting, distorting or disruptive effects on international trade. Countries shall also administer their rules in a consistent, uniform, impartial and reasonable manner. The conclusion of the Rules of Origin Agreement also signalled the start of negotiations that are still ongoing to harmonise non-preferential rules of origin globally.

### **AGREEMENT ON IMPORT LICENSING PROCEDURES (ILP)**

The Agreement on Import Licensing Procedures (ILP) aims to make the administration of import licenses as smooth and simple as possible so as to ensure that the licenses interrupt trade as little as possible.

### **AGREEMENT ON PRESHIPMENT INSPECTION (PSI)**

Preshipment inspections (PSI) mean that an importing country contracts a private company to deal with certain customs work, such as checking price, quantity and quality, before the

goods are shipped from the exporting country. The Agreement on Preshipment Inspections prescribes how PSI shall be performed by the user (importing) country. It is recognised that the trade facilitation negotiations are way to remedy the shortfalls in some customs administrations, thereby making the PSI unnecessary. In the negotiations a proposal has been made to phase out the use of PSI<sup>8</sup>.

### **AGREEMENT ON TECHNICAL BARRIERS TO TRADE (TBT)**

The TBT Agreement contains provisions that must be observed when a member prepares, adopts and applies technical regulations and standards (including packaging marking and labelling requirements) and the procedures for the assessment of conformity with technical regulations and standards. The Agreement also includes rules on transparency.

### **AGREEMENT ON APPLICATION OF SANITARY AND PHYTOSANITARY MEASURES (SPS)**

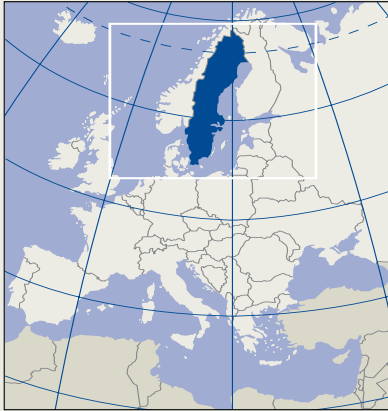
The SPS Agreement sets out the basic rules on how a government can apply food safety and animal and plant measures (sanitary and phytosanitary measures). The agreement includes provisions on control, inspection and approval procedures. Transparency and openness are central elements of the SPS Agreement.

<sup>8</sup> See: EC and Chinese Taipei "Preshipment Inspections" WTO reference: TN/TF/W/108.

Part 2

# **Sweden and trade facilitation**

Figure 3.1 Map of Sweden



#### Facts about Sweden:

**Area:** 450,000 km<sup>2</sup> (174,000 sq mi), third largest country in Western Europe  
**Capital:** Stockholm  
**Population:** 9,2 million inhabitants  
**Languages:** Swedish  
**Form of government:** Constitutional monarchy, parliamentary democracy  
**Parliament:** The Riksdag, with 349 members in one chamber  
**Religion:** 80% belong to the Evangelical Lutheran Church of Sweden  
**Main trading partners:** The European Union, Norway and the United States  
**Main export goods:** Electronic and telecom equipment, machinery, passenger cars, paper, pharmaceuticals, iron and steel  
**Main imported goods:** Electronic and telecom equipment, machinery, foodstuffs, crude oil, textile products, footwear and passenger cars  
**GDP (US\$ billions), 2007:** 431.6  
**GDP (current prices, US\$ billions) per capita, 2007:** 47,068.7  
**Real GDP growth (percent) 2007:** 3.6

Source: [www.scb.se](http://www.scb.se)

## 3 The Swedish context for trade facilitation

As a small trade-dependant country, international trade is essential for Sweden's welfare, and has been so for a long time. Sweden's business sector is among the most internationalised in the world. Simple and predictable trade procedures, including customs procedures, are therefore of priority for Sweden. Today, international trade, including Sweden's trade, has become more complex and specialised, and trade facilitation is thus a very important tool to make export and import procedures as efficient as possible.

However, there is no "one-size fits all" when it comes to implementing trade facilitation. Each country must follow its own strategy adopted by that country's specific circumstances and institutional system.

In the following, we will present some characteristics of the Swedish economic and institutional systems, for the purpose of explaining the prerequisites Sweden has had in its work with trade facilitation. Furthermore, we will give a historical overview of Swedish trade facilitation reforms.

### 3.1 The Swedish economy – from an industrial country to a knowledge-based economy

Sweden is today one of the worlds most economically advanced societies and the standard of living is one of the highest in the world. The diversified economy combines a deregulated market economy,

well integrated in the global economy, with a large public sector.

In the mid-1850s, Sweden was still a poor agrarian country on the periphery of Europe. However, various reforms – notably compulsory primary schooling, gradual democratisation and a range of economic liberalisation measures – ignited the economy. Restrictions, deliberately designed to hamper both domestic commerce and free trade

with other countries, were abolished. As the exports of iron, ore and timber became a profitable business, foreign investments poured into the country to build modern infrastructure. The process was much helped by a peaceful and incorrupt political climate.

By the late 19th century, the economy gradually was transformed from one based on agriculture and raw materials to an industrial economy. For example, exports of timber became exports of pulp and paper. A diverse manufacturing sector arose, with many firms based on new innovations. Gradually, many companies became giants and today Sweden has a large number of multinational corporations, like Volvo (automobiles), Ericsson (telecommunications) and H&M (retail clothing). In order for Sweden's business to develop, access to foreign markets was imperative and Sweden realised early on the necessity of simplifying burdensome trade procedures. Without an outlet for their products the firms could never have achieved the scale of economies needed to develop, produce and sell their products at reasonable prices. The Swedish market was, and is, simply too small. The Swedish economy became specialised in the areas where it had competitive advantages, and the profits from exports have been used to finance imports. Sweden has never resorted to the idea of import substitution, but always imported goods which could not be produced competitively at home. Open borders in both directions, for exports and imports, is a hallmark of the Swedish economy and has contributed much to Swedish economic growth.

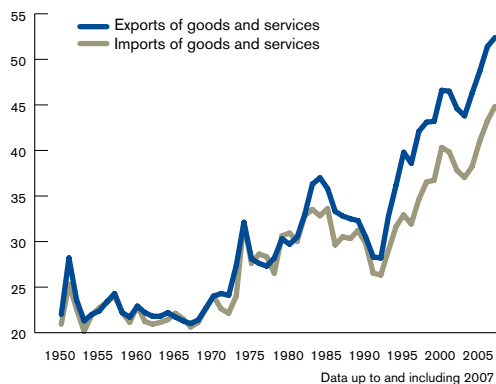
A number of annually published international comparative reports put Sweden very close to the top regarding competitiveness. High spending on R&D, widespread use of information technology, a well educated workforce, excellent infrastructure, low corruption and efficient government institutions makes Sweden one of the leading economies in the European Union (EU). These are also favourable factors for implementing trade facilitation reforms.

Since the beginning of the 70's the service sector has dominated the economy. Sweden is thus today a post industrial society and innovation driven knowledge economy, not least in areas such as ICT and pharmaceuticals. The activities in Swedish firms are more and more geared towards the intellectual phase of the production process, i.e., R&D, marketing and logistics solutions. Not only knowledge intensive services are increasing but also other more menial types of services. However, many services are not easily tradable and the main venue for reaching foreign service consumers is to invest abroad.

Consequently, manufacturing still dominates the trade flows, with 75 – 80 % of all exports and imports. Even if Sweden mostly trade with other EU members (approximately 2/3), the country also develops closer commercial ties with the rest of the world, not least the emerging markets. With the fragmentation of world production – where goods are assembled using sub parts produced in many places – the flow of intermediate goods into and out of the country from all over the world constitutes an increasing part of Swedish trade, which again makes trade facilitation important.

**Figure 3.2 Swedish Exports and Imports of goods and services 1950 – 2007**

The graph below shows Swedish exports and imports of goods and services in relation to GDP, expressed in percentage points.



Source: [www.scb.se](http://www.scb.se)

## 3.2 The Swedish institutional system

Sweden is a constitutional monarchy and a parliamentary democracy. All public power in Sweden proceeds from the people represented by the Swedish Parliament – the “Riksdag” – represents the people. The Riksdag appoints the Prime Minister who chooses the members of government – the ministers. The Riksdag also makes law, decides on the budget and monitors the government. The government, as a collective, rules Sweden and is accountable to the Riksdag. The Government Offices form a single, integrated public agency comprising the Prime Ministers Office, the twelve ministries and the Office for Administrative Affairs.



Government itself decides how its work is to be organised. The formal rules of administrative procedure merely lay down general guidelines and establish a number of basic principles for dealing with government matters. The work methods and organisation of the Government Offices are in constant development in cooperation with the political leadership, the Directors-General for Legal Affairs and the Office for Administrative Affairs, which is led by the Permanent Secretary, the agency's most senior official.

Sweden has a long history of decentralisation and delegation. One example of this is that almost all decision-making related to individuals and enterprise is delegated to government agencies. There are about 230 government agencies that have employees. They carry out the political decisions of the government and make decisions applying law. This makes the government's agenda less charged; and has the advantage of allowing the government to concentrate on policy making. These agencies are often referred to as independent since the government cannot interfere into the decision-making process related to an individual administrative item of business. However, government and parliament

have a number of instruments at their disposal when steering these agencies.

The government issues an instruction for each agency. In this instruction the main working areas of the agency are stated as well as the main objectives. This instruction is an ordinance and is changed only when there is call for revision. The budget and the accompanying appropriation directions is decided by parliament but prepared by the Government Offices on an annual basis. The appropriation directions contain the instructions and special tasks that the government wants the agencies to carry out, as well as the details of their yearly budget.

To this formal steering comes an informal steering in the daily contacts, which is the effect of the organisation with government business carried out by agencies. The agencies are generally directly linked to a specific ministry where a senior administrative officer is responsible for daily contacts. In the contact with officials in the Government Offices, tasks and assignments are decided and inquiries into areas of special interest for the government ordered. One part of the informal steering is the dialogue between agencies and government. An essential part of this dialogue is often the yearly meeting between

the Director General of an agency and the Minister responsible and also in some cases with the State Secretary, the minister's closest collaborator.

There has been an extensive debate in Sweden in the last decade on the issue of how more complex problems extending to various fields of society should be tackled in the best way. There is a standing instruction to the government agencies to co-operate in relevant areas. However cooperation between agencies can sometimes be hard to carry out in practise, despite political pressure and ambitious plans. In the trade and customs area this cooperation has a long tradition and has been running relatively smoothly, as described in the chapter about the Swedish Single window and other areas of cooperation<sup>9</sup>.

### Fundamental rights and freedoms

All Swedish citizens are guaranteed a number of freedoms and rights. The most important of these rights, from a trade facilitation perspective, are freedom of expression and of information, as stated in the Fundamental law on Freedom of Expression and the Freedom of the Press Act. This encompasses a freedom to communicate information and express thoughts, opinions and sentiments. Openness, transparency and access to information are very important aspects for all public services in Sweden. This is specified in the constitutionally protected principle of the public access to official documents, dating from as far back as 1766. According to this principle all individuals, independent of nationality and media have access to information about state and municipal activities. Any individual may read official documents of public authorities. A document can be any sort of information, text or image, independent of media. A condition for a document being public is that it is in the keeping of an agency or that it has been drawn up there. Officials are not entitled to ask who is asking for a document or for what purpose.

Official documents can be kept secret if, for example, they concern national security, the personal or financial circumstances of private individuals or crime prevention activities by public agencies.

Furthermore, civil servants and others who work for the state or municipalities are entitled to disclose information to newspapers, radio and television, if the aim is publication. This right is limited by the above secrecy principles, but can sometimes extend

beyond that limit if the aim is to expose far reaching corruption or other criminal activities. The officials are protected by the fact that media is not allowed to disclose their sources and agencies are not allowed to enquire into "leaks". This is an efficient "whistle blower protection". The public and mass media are entitled to attend trials and meetings of the chamber of the Swedish Parliament, the municipality assembly, county council and other such entities.

The free access to documents is an effective barrier to corruption and a way to assure that the democracy can function effectively thanks to well informed citizens. These fundamental rights and freedoms are a basis for achieving long standing trade facilitation reforms.

## 3.3 Sweden's trade policy

Free trade is since a long time the basic principle for the Swedish trade policy. Open, simple and fair conditions for international trade and investment contribute to growth, employment and sustainable development.

In connection with Sweden's membership in the European Union (EU) in 1995, Sweden became fully integrated into the EU internal market and part of its common external trade policy towards non-member countries. EU Membership also means that Sweden's frontiers, from a trading perspective, now are Norway in the west, Russia in the east and Africa in the south. The European Commission is responsible for conducting trade negotiations with countries outside the EU. For the trade in goods, and to a certain extent services as well, membership of the EU means that the right to legislate and enter into agreements with countries outside the EU, has been transferred to the Union. The European Commission represents EU member countries in forums such as the World Trade Organization. The European Council, where each of the 27 Member states is represented at the ministerial level, is the decision-maker. The Council issues directives to guide the Commission in its work and decides ultimately, whether to adopt an accord. Sweden follows the Common Commercial Policy and is required to incorporate these rules and regulations into its existing regulatory framework.

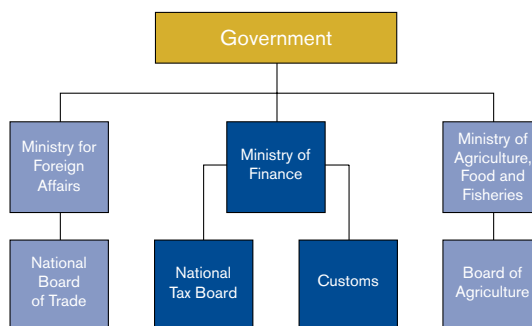
It is the Swedish Ministry for Foreign Affairs that is responsible for Sweden's trade policy.

<sup>9</sup> Government Offices of Sweden, Art Nr IR 2008:001 "The Swedish Government at work", 2008.



The National Board of Trade is the governmental agency and the central administrative body in Sweden dealing with foreign trade and trade policy. The Board provides the Ministry for Foreign Affairs with analysis and recommendations on any trade policy matter, including issues related to trade facilitation. Within the framework of the EU, the Board works for an effective Internal Market, an open trade policy and a strengthened, multilateral trading system within the WTO.

**Figure 3.3 Example of Swedish ministries and governmental agencies active in the area of trade**



## E-government

The Swedish central E-government is a concept which refers to government's use of information and communication technology (ICT) to exchange information and services with citizens, businesses, and other arms of government. According to several international comparison studies, the central government administrations' use of ICT is among the most developed in the world and Sweden is one of the world leading countries when it comes to the range of advanced public services through the internet<sup>10</sup>. The most important anticipated benefits of e-government include improved efficiency, convenience and better accessibility of public services. This is also significant in a trade facilitation perspective.

### THE 24/7 AGENCY

In year 2000 the Swedish government launched an initiative called the *24/7 Agency* (a government agency that is open 24 hours, seven days a week). The objective of the initiative was to provide citizens, on a continuous basis, with electronic access to governmental services all hours of the day, regardless of working hours. Individuals and businesses should find it easier to retrieve and submit the information that is relevant in each individual situation, regardless of how the responsibility for the information is divided between agencies or between the state, municipalities or county councils. Another important objective of the 24/7 Agency was to get citizens and companies to play a part in the work on public administration to shape and offer its services. Services and range activities offered by the public administration should therefore be clearly and comprehensibly stated to the citizens. At the same time the public administration should continuously inform itself regarding citizens' opinions and demands and take these issues into consideration in their efforts to develop activities further. Each government agency should have an independent responsibility for its own technical system and services. It is also important that the forms for cooperation and coordination between the different government agencies are achieved by setting up common standards for exchange of

electronic information between the agencies. Information exchange between the agencies is crucial and a prerequisite to facilitate the service to the individuals and the business community.

### TULLVERKET.SE

Tullverket.se (formerly "The Virtual Custom Office"), launched in 2002, is a good example of how an e-government solution may be developed and implemented. Countries like Sweden that are dependent on foreign trade and where Customs play an important role, needed to increase the service levels and facilitate trade by introducing eServices and thereby adding value to the overall foreign trade process for the Swedish business community. Tullverket.se is a Swedish single window and it is a web-service that enables companies to perform their day to day customs business in a flexible way. The overall objective is availability 24/7 throughout the year for all customers regardless of their level of competence and prerequisites, offering the same level of service at all times. The website supports all of the business community with different eServices, for instance the ability to submit customs declarations over the internet, mostly used by small and medium sized companies that use this service for electronic import and export declarations. Today approximately 98% of all documentation to Customs is by electronic means (web/EDI).

Tullverket.se contains a number of services linked to other agencies involved in the trade. Value added taxes are collected on imports on behalf of the Taxation authorities and trade statistics on behalf of Statistics Sweden. Swedish Customs has in partnership with the National Board of Trade and the Swedish Board of Agriculture developed innovative eServices facilitating foreign trade regarding licenses.

Tullverket.se has been both a national and internationally recognised initiative, showing how Customs business may be conducted in the 21st century with the use of modern technology.

<sup>10</sup> [www.regeringen.se/finans](http://www.regeringen.se/finans), Skr. 2004/05:48.

### 3.4 Overview of Swedish trade facilitation reforms

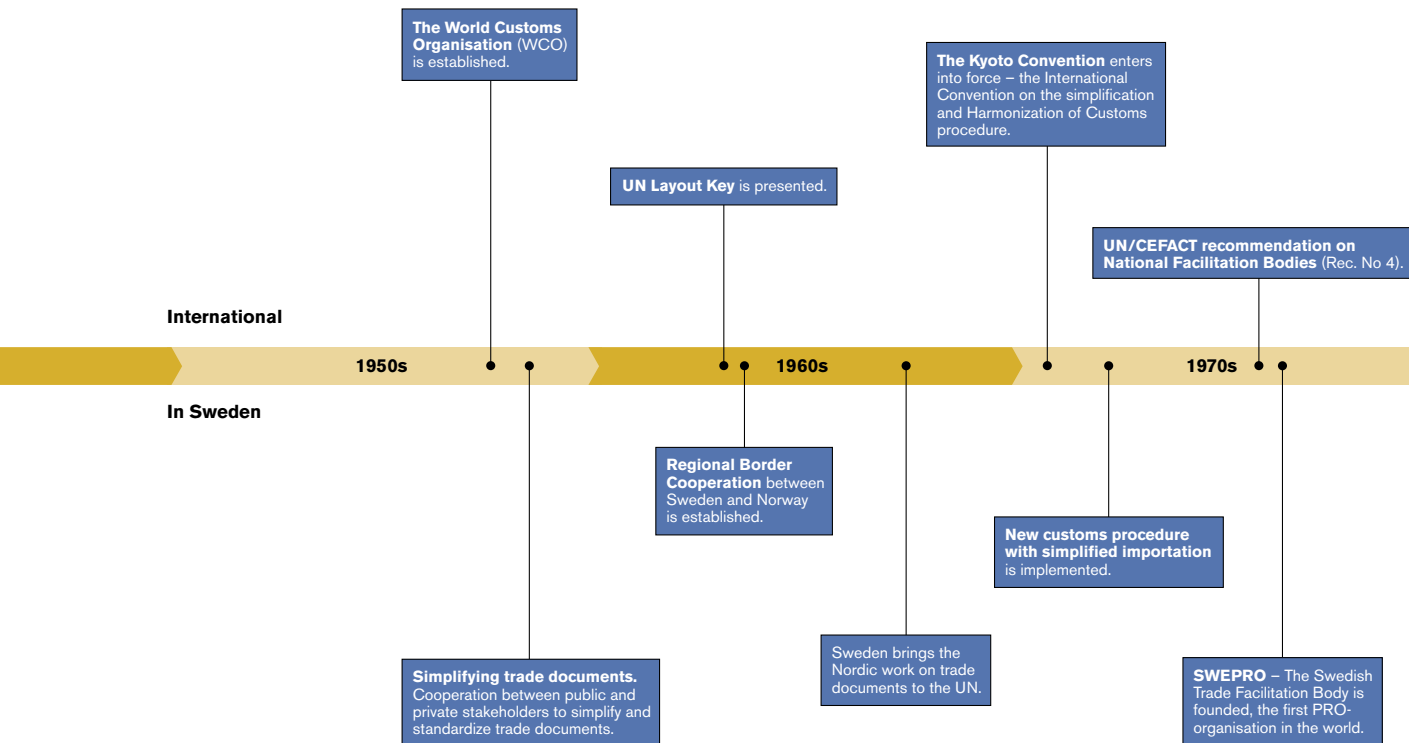
In UN/CEFACT's staircase model, described in chapter 8 (see fig. 8.2), countries "climb" the staircase and pass through stages of simplification and harmonisation – first at the national level and later on an international scale. This stylised model describes well how Sweden has undertaken its work with trade facilitation. In the following we will present a chronological account of trade facilitation developments in Sweden. It describes and identifies a selection of actions and ideas that have been crucial in bringing about a more facilitated trade process, and also occasional set-backs, in Sweden<sup>11</sup>.

Trade facilitation in Sweden begins with the *simplifying of trade documents*. In the 1950s, exporters of wood, papers and pulp were experiencing increasing problems regarding the large number of docu-

ments needed for maritime export and expressed a need for standardisation in the area. Since several governmental agencies and private organisations at this time were issuing documents, it was clear that standardisation would require a coordinated approach. They managed to agree on a standardised document, defining all data that should be included and its position in the document.

From this initiative came a more general understanding of the benefits of reducing the number of data elements and standardising the layout of trade documents. A *Committee on Export Documentation* with representatives from all agencies issuing documents and the private sector was formed, jointly financed by both sectors. To achieve a sustainable result the Committee needed to consult with a large group of interested parties in Sweden. After eighteen months the Commission published a report with a proposal for the layout of around 20 export documents for maritime transport issued by Swedish Customs,

**Figure 3.4 Milestones in the development of trade facilitation in Sweden and on the international level**



<sup>11</sup> The following draws among other things upon interviews with Bo Svensson and Gunnel Westman from the Swedish Trade Federation, Aug 2007.

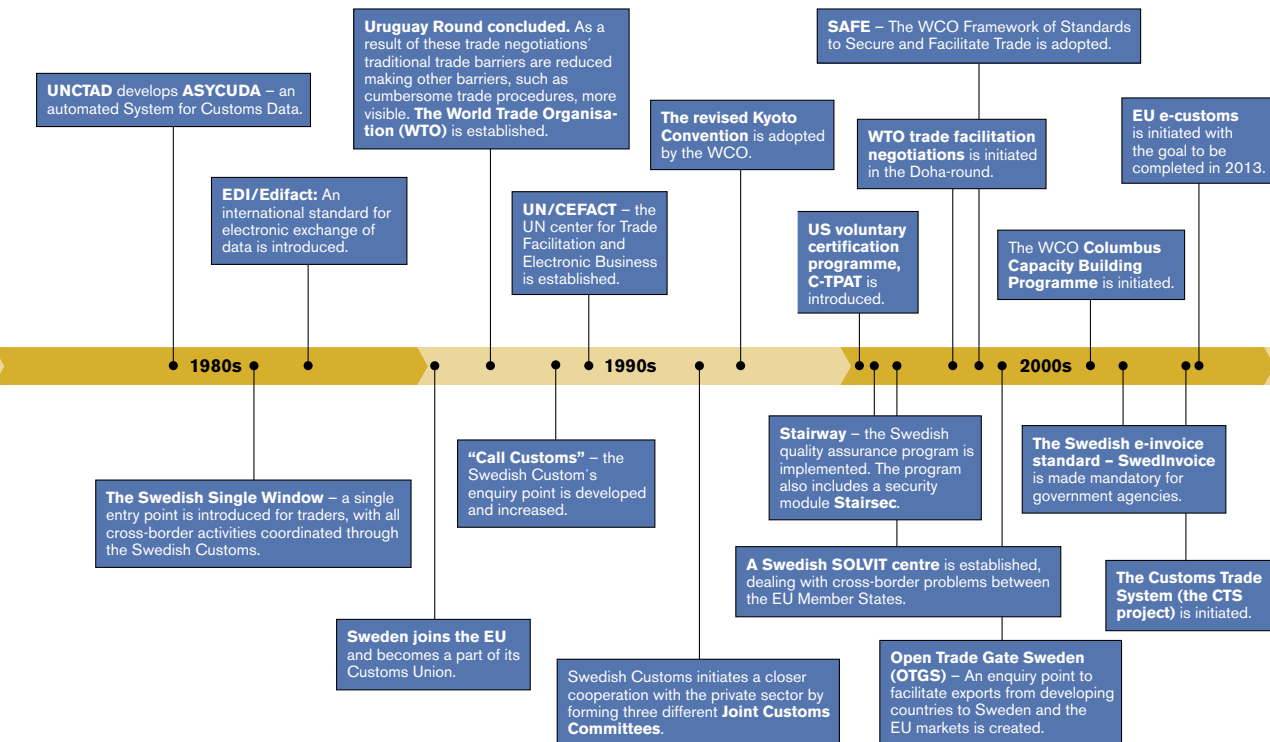
shipping companies, chambers of commerce and insurance companies among others. This *coordination of documents issued by both the public and private sector* was unique in the world at this point in time. Customs had a crucial role in this success, since it realized the benefits that these standardised documents would have for the export sector and the country in large outweighed the hassle of implementing new routines and increased costs for customs.

It soon became clear to the Swedish stakeholders that alignment of trade documents on the national level was not sufficient. There was also a need for coordinated efforts on trade facilitation at an international level to achieve standardisation and harmonisation. *Sweden brought its work on simplification of trade documents into the UN Economic Commission for Europe (UNECE) and became one of the driving forces behind the agreement on standardised trade documents (UN Layout Key) in 1963.* Before the UN Layout Key

there had not been standardisation in terms of design, content or layout of trade documents.

A *regional border cooperation* agreement was established in 1959 between Sweden and its neighbouring country, Norway. This regional cooperation is based on the simple idea of division of labour. Under this cooperation agreement the national border authorities of each country are allowed to provide services and exercise legal powers not only on behalf of their home state, but that of their neighbouring states as well.

In 1974, a *new customs procedure with simplified importation* for companies holding the relevant authorisation was implemented (hemtagningssystemet). Under this simplified procedure the importer could make its import declaration in two steps. First the presentation of a simplified import declaration at the point of entry. The final declaration, which was the basis for Customs' decision on classification and tariff, could be presented several days after the



goods had entered the country. A company approved for this procedure could thus transport its goods directly to its destination making the import and transport process much easier. The procedure also enabled Swedish Customs to introduce the possibility of deferred payment of customs duties and other fees.

The private and public sector continued the work they had initiated in the late 1950s to simplify trade documents. In 1975 this cooperation was formalised through the establishment of *a national forum for trade facilitation, called SWEPRO*. The objective was to create an effective forum where private sector managers, public sector administrators and policy makers could work together towards an effective implementation of jointly agreed facilitation measures. SWEPRO is a national body for trade facilitation in accordance with Recommendation 4 of UN/CEFACT.

The way companies did business changed during the 1980s and in response to these changes some trade facilitation efforts came about. Companies were increasingly sourcing parts from other countries and production was scattered across different countries and suppliers. Markets also became increasingly global. Following this expansion of trade, Swedish Customs faced a heavier workload during the 1980s. It was no longer sustainable for Customs to continue using paper declarations and forms exclusively. Another important development in the private sector was the increasing number of companies using computer-based information systems (IT) to manage and process data. These companies also demanded the ability to submit this data electronically to government agencies. In parallel, Customs implemented the use of ex-post controls in order to simultaneously reduce the burden at the borders and also to introduce a new control regime as a supplement to the traditional control measures exercised in the border environment.

The first steps towards a *Single Window* in Sweden were taken in 1989. Swedish Customs developed the Customs Information System for the export process which forwarded statistics electronically to Statistics Sweden. The Single Window later expanded to include all other agencies at the border. Companies were offered an integrated solution where they had to submit information only once.

*In January 1995 Sweden joined the European Union (EU).* The EU membership proved to be a decisive

milestone for all agencies involved in international trade and the private sector. The rules of the game suddenly changed. Sweden was now part of a Customs Union and the EU's common trade policy. Many perceived the EU membership as a step backwards in terms of trade facilitation. Simplified customs procedures were replaced by import restrictions through licensing and quota systems and anti-dumping duties.

During the 1990's Swedish Customs began to develop *a data system for electronic submission of customs declarations*, which brought large benefits both to customs and the private sector. The electronic submissions could now be done in two ways; transmitted through EDI/EDIFACT from the company's business systems or via an on-line Internet customs declaration provided by Tullverket.se. The systems have thereafter continuously been modernised and updated to reflect changes in the environment. Upon entry into the EU, the system needed to be changed according to the EU's customs procedures. The private sector participated in the process of interpreting the new complex Community Customs Code and a *Joint Customs Committee, called Alfred*, was formed in 1996. This was the beginning of a *closer cooperation between Swedish Customs and the private sector*.

With the Swedish EU membership in 1995, the demand from both companies and private persons in issues concerning customs procedures increased rapidly. The information service offered by the Swedish Customs was overloaded and not sufficient. By increasing the workforce, *Customs created an enquiry point named "Call Customs"*, providing companies and private persons, through telephone calls or electronic service with easily available information on questions related to customs procedures.

In the late 1990s several internal reports were made by the Swedish Customs to evaluate the effects and results of the Swedish entry into the EU Customs Union. A number of reforms were taken by the Customs to modernise the customs and trade systems. In 2001, *the Swedish Customs system for customs clearance named The Stairway®* was implemented. The Stairway is an accreditation and certification system for importers, exporters, brokers, freight forwarders, carriers, terminals, warehouses and ports. Companies can receive simplified handling of their goods at customs by having their customs routines quality accredited. This kind of system is sometimes referred to as

authorised traders schemes or Authorised Economic Operators (AEO). The Stairway was developed in partnership with the Swedish business community. For this purpose, *two additional Joint Customs Committees were formed, called SAMU and SAPO.*

The terror attacks in the USA on September 11, 2001 and the tragic events in London, Bali and Madrid, amongst others, put security and terrorism on the centre stage in international policy-making. The international community faced the challenge of balancing legitimate security concerns while maintaining the simplifications in the trade process that had been achieved. *To meet the need for increased security Swedish Customs introduced a new module in the Stairway called StairSec®.* Under the StairSec module operators can get quality accreditation for the security measures they have taken to reduce the risk that their flow of goods is used for illegal purposes. One important aspect of StairSec is that it should be compatible with other existing models (for example the C-TPAT, CSI etc). The module became operational in 2004 with a number of pilot operators.

In 2002, Sweden established *an enquiry point called SOLVIT-centre*, to deal with cross-border problems between a business or citizen on the one hand and a national public authority on the other. This is an on-line problem solving network in which EU Member states work together to solve problems without legal problems caused by the misapplication of Internal Market law by public authorities. SOLVIT lies within the National Board of Trade.

The launch of *multilateral negotiations on trade facilitation in the World Trade Organization (WTO)* in 2004 was a unique opportunity to set a framework of rules for trade facilitation on the international level. Sweden had long advocated the need for multilateral rules and worked through the EU and other channels towards this aim.

Due to the variation in the way regulations were applied in the different EU member states, many exporters from developing countries encountered deficiencies in the regulatory systems in the EU. Sweden therefore established *an enquiry point called the Open Trade Gate Sweden (OTGS)* in 2005 with the aim of facilitating information to developing countries concerning trade procedures.

In 2001, the EU initiated an ambitious process called *electronic customs or e-customs*. The objective is to simplify and modernise the customs legislation through the use of ICT solutions. The road map for this work stretches until 2013. Swedish Customs has

started a development project on the basis of e-customs, ICT and change management, to further improve the Customs data system, called the *Customs Trade System (CTS)*. The objective is to, in a broader perspective, make it possible for Sweden and Swedish Customs to achieve certain effects nationally and harmonise the work with the changes carried out in the EU.

*An EU accreditation system for authorised traders, AEO*, is also a part of the EU customs modernisation. Since January 1, 2008 Swedish companies can apply for AEO status.

As of July 2008, Swedish central government agencies shall implement *electronic invoicing, using the SwedInvoice* standard, as decided by the Swedish Government.

## 4 Public-Private dialogue in Sweden in trade issues

Trade facilitation efforts should be carried out in close cooperation with the business community. Both parties have a clear interest in such a way of working. As we have pointed out in chapter 3, openness, transparency and access to information are very important aspects for all public services in Sweden. This has a great impact on society, not least from a trade facilitation perspective. Public-Private dialogue is a way for public organisations, companies and non-governmental organisations to cooperate and share information. Many Swedish public organisations, companies and non-governmental organisations cooperate with each other by having so called committees or reference groups. Other examples of structuring a public-private dialogue is by forming organisations or networks.

In this chapter we will look at different ways of organising private-public dialogues within trade-related issues in Sweden.

### 4.1 The Swedish Government

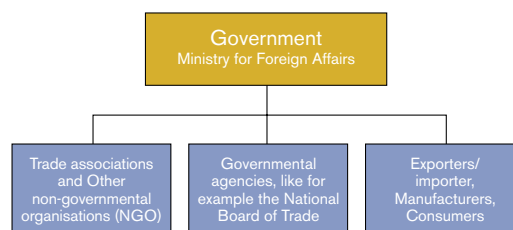
#### Referral process

In order to enquire into more complex issues, the Swedish Government can set up official enquiries whose reports are subsequently published in the Swedish Government Official Reports series (SOU). The Swedish constitution details how to put up these enquiry committees for preparing and analysing different aspects of complex political issues. After the committee has submitted its report to the relevant ministry, for trade issues the Ministry for Foreign Affairs, the report is referred for consideration to relevant governmental agencies, special interest groups, non-governmental organisations and private companies, who are given the opportunity to express their points of views in the matter before the Government formulates a legislative proposal. Any organisation or individual can comment on a report in the referral process.

The objective is for the Government to hear the opinion of those likely to be effected by future legislation and to see whether they support the decision or not. This is a clear example of how Swedish public services work with openness and transparency. The Government is of course free to try to find other solutions than those proposed by the committee, if they consider that relevant arguments have been presented in the referral process.

Many times quicker response is needed and a more informal gathering of opinions among industry and civil society organisations is managed by an agency at the request of a ministry.

Figure 4.1 Referral Process (in trade issues)



#### Reference Groups for external trade issues

Decisions and agreements in trade related issues affect many people. To get a better basic data for decision-making, the Swedish government established a reference group for WTO related issues. The group has thereafter been transformed to a reference group for external trade issues, covering all external trade related issues.

The reference group meets a couple of times a year and consists of representatives from the business community, trade unions, other government agencies, special interest organisations and non-governmental organisations. For example The National Board of Trade is part of this reference group.

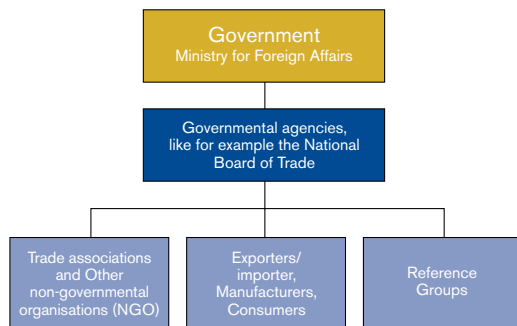
The main objective of these meetings is to reflect the different parts of society and give a broader picture of the attitude in different trade issues.

It is the Swedish Ministry for Foreign Affairs that assembles and leads these reference groups. The meetings are normally opened by representatives from the Ministry, who presents the government's and the EU's work and the topical issue. Thereafter, all representatives in the group are given the opportunity to give their point of view on the topical issue<sup>12</sup>.

### Dialogue with the business community and the civil society

Many of the government's agencies also have a continuous dialogue with civil society and the business community. In the case of trade, the National Board of Trade is often asked to collect the views of companies on their trade relations with a certain foreign country before negotiations or visits by members of the government. There are also some more organised groups meeting continuously with the Board.

**Figure 4.2 Dialogue with the business community and the civil society (in trade issues)**



## 4.2 The Swedish Customs cooperation with other governmental agencies and the business community

Swedish Customs cooperates in various manners with private companies and with special interest organisations as well as other authorities, to identify and clarify interests at stake with the aim of developing a strategy or project that has a good chance

of being supported and implemented. Providing and sharing information as well as receiving feedback is the foundation of an effective consultation mechanism.

At a national level, Swedish Customs works closely with the Swedish Board of Agriculture, the Swedish Tax Agency, the National Food Administration, the National Board of Trade, the Swedish Chambers of Commerce and others. Swedish Customs also works closely with trading companies, forwarders, agents, shippers and others involved in trade with countries outside the EU. The aim is to simplify the processes associated with customs procedures and make them more efficient<sup>13</sup>.

### The three Joint Customs Committees – Alfred, SAMU and SAPO

Swedish Customs has three Joint Customs Committees: Alfred, SAMU and SAPO. In the 1980s the Customs were still exercising all customs decision in a formal procedure, only enquiring the private sector and other relevant authorities in special issues very late in the decision process. The private sector was at this time never involved at an early stage in the development process of a decision making.

#### Alfred

With the Swedish entrance to the EU and the Customs Union in 1995, the Swedish Customs were facing complications in the interpretation of the new and complex Community Customs Code. The business community found the new EU legislation very difficult to understand and critical voices were raised from the business community, complaining about what they perceived as a too rigid interpretation of the new Community Customs Code by the Swedish authorities. Customs realized the necessity of consulting the private sector in order to solve this problem and to deal with the complaints coming from the business community. A reference group was formed in the beginning of 1990s, called the Customs Information Systems Reference Group (TDS Referensgrupp) with representatives from Customs and the major logistical companies in Sweden.

This group was transformed in 1996 into a Joint Customs Committee called Alfred, now containing representatives also from the National Board of Trade and the Swedish Board of Agriculture as well as around 20 representatives from the business

<sup>12</sup> <http://www.regeringen.se/sb/d/10201/a/97007>.

<sup>13</sup> The following draws upon interviews with Mats Wicktor (Swedish Customs), Gunnel Westman (Swedish Trade Federation) and Hans Flykt (National Board of Trade), Sept 2008.



community. The business community, that never before had been involved early in the development of Customs' decision making, now got the opportunity to make its voice heard and discuss and propose different customs issues at a very early stage. At the same time it allowed Customs to hear companies' arguments and opinions and discuss, under more informal conditions, why certain decision had to be made. In the beginning there were many issues and complaints forwarded by the business community. Instead of being a department for complaints, there was a need to clarify that the Committee's mission was to discuss constructive proposals, instead of issues concerning individual company interests.

Today the main purpose of the Alfred-committee is to create common solutions to custom- and trade issues for stakeholders within the trade flow. At the same time the purpose is to try and understand the different parties and their respective conditions to solve these issues. The group only works with strategic and comprehensive policy issues. The Alfred Committee manages the two other Joint Customs Committees, SAMU and SAPO.

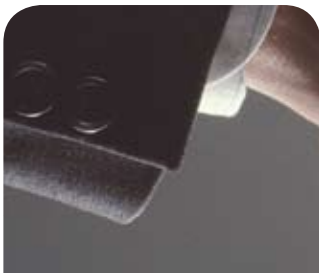
### **SAMU and SAPO**

In 1998, when Customs were developing a system, called the Stairway with the purpose of rewarding compliant traders by offering them facilitation in the customs process, there was a need to address the private sector. Special attention was placed on employees working with logistics, to get their

opinions and expertise in the area. Two new Joint Customs Committees were formed called SAMU and SAPO, and both were managed by Alfred. SAMU would be the Committee for discussing development issues and SAPO for discussing production and legal issues.

SAMU is today the Committee for development issues. It is a unique and important cooperation between affected public authorities (Customs, the National Board of Trade, the Swedish Board of Agriculture) and the Swedish trade and industry. The group works to find joint solutions and is a discussion forum for international issues and common priorities. Until now, focus has been on identifying and prioritising development efforts and common facilitation work. However, in the future the majority of all Customs' developing issues will concern the development of joint e-customs on a EU level, called the Customs Trade System (the CTS-project). SAMU will work as a reference group for the CTS project. CTS is a project where Customs works with development and change on the basis of e-customs, Information Communication Technology (ICT) and change management.

SAPO is the Committee for production issues and contains representatives from the large organisations from trade and industry as well as public authorities. The purpose is to develop the collaboration between the Swedish Customs and the business community in issues concerning legal trade and all that affect the relationship with the customers.





### **The structure of the Joint Customs Committees**

All three Committees have one single administrative office and each representative of the Committees receives an agenda in plenty of time prior to meetings. This allows all parties involved enough time to prepare for the issues up for discussion. These kinds of Joint Customs Committees where Swedish Customs under informal conditions can discuss customs issues with the business community at an early stage of the decision process, is not common practice in the rest of the world. Belgian Customs has used the Swedish model to create something similar and the Netherlands' Customs has also implemented a public-private cooperation structure.

## **4.3 Public-private dialogue on e-business and e-business standards**

In the following we will outline the development of communication standards over time and how players in Sweden, both from the private and public sectors, have organised their cooperation to respond to and shape the development of e-business. We believe that a short description of these organisational forms is a good case study of how public-private dialogues can be established and adapted to changing conditions<sup>14</sup>.

### **Working towards standardized electronic messages in the 1980s**

A few global companies used electronic transmissions of files for some of their administrative routines as early as the 1960s. But it wasn't until the 80's that electronic data transmission (EDI) became common in the general business community. As a consequence the need for standardised messages systems emerged.

The Swedish Trade Procedures Council<sup>15</sup>, SWEPRO, had been working with e-business standards since the 1980s, mainly focusing on the newly developed standard for Electronic Data Interchange (EDI) called EDIFACT. SWEPRO participated in international standardisation work and provided information and assistance to organizations using EDI in Sweden. SWEPRO had participation and received financing from both the private and the public sectors. In 1992 an evaluation was conducted by a government

agency and it was decided that the Government would no longer sponsor that part of SWEPRO's business and that the business would continue in EDI network called *EDI in Sweden* (EDIS).

EDIS was a network open to interested parties in both the public and the private sector. At the same time many sector-specific organisations and networks were established. EDIS differed from these in its horizontal approach.

### **Making use of the ICT opportunities in the 1990s**

During the 1990s there were big expectations on the changes that Information Communication Technology (ICT) and the Internet should bring to society. The economic conditions for businesses and governments were expected to undergo fundamental changes – a new ICT-society. Many companies and authorities invested in ICT-systems in order to make their administration more efficient. *E-commerce* or *e-business* became buzz words. These concepts were used to describe a new business relationship where ICT was used to send business information in tenders, orders, invoices and other business messages.

A failure to develop a well functioning system for electronic business messages were perceived as threat to Sweden's position as a competitive country. In 1994 the Government initiated an *ICT Commission* that would create a vision of how Sweden should explore the opportunities of ICT in the future. The Ministry of Finance also created an *ICT forum* (Toppledarforum) where high-level representatives from all parts of the administration would meet and discuss how the administration could make the best use of the new ICT. The Swedish Association of Local Authorities and Regions was assigned as responsible for issues related to e-commerce in the public sector. A project called *Single Face to Industry* (SFTI) was launched. The objective was to create standardised routines for electronic messages and a standard for the content of the messages that would be used by the whole public sector in Sweden. The purchasing process was dealt with first.

It was against this backdrop, that in 1998, a number of organisations with members from both the private and public sector decided to create a non-profit organisation, GEA (the Community for Electronic Business), to increase awareness of the benefits of e-business and e-commerce among Swedish companies and authorities. All GEA's members would contribute financially. GEA would also

<sup>14</sup> The following draws upon a study of cooperation forms: Sandebring (2005): "Samverkan i organisation eller nätverk? Fallen elektroniska affärer och elberedskap" and a report from the Swedish Administrative Development Agency: "Ökad användning av offentlig elektronisk handel", Verva 2007:4.

<sup>15</sup> See chapter 5 for more information on SWEPRO.



participate in the development of common rules and standards on an international level. The organizers of GEA were successful in their argument that EDIS should join GEA and that Sweden should have one organisation working on e-business standardisation. EDIS was consequently dissolved.

In GEA, a board of directors with responsibility for financial and strategic decision was established. Decisions by the GEA would be made by unanimity. An executive director was hired and a small secretariat was tied to the organisation.

After five years, a number of key stakeholders had left the organisation and the issue of financing had become increasingly troublesome. Within the organisation opinions differed regarding its objective. Some members felt that GEA had become a forum in which some special interests advocated the use of their technical solutions. There were also diverging views between the public and private members regarding the role of GEA vis-à-vis the Government. GEA's board of directors therefore decided to dissolve the organisation.

However, many of GEA's members wanted to pursue the cooperation. They felt that it was a good platform for influencing development in the area. In 2004, they therefore decided to form a *Swedish eBusiness Network* (NEA – the Network for Electronic Business), instead of an organisation.

### Other examples of structuring a public-private dialogue

#### ORGANISATION

An organisation should have a structure that stabilises the interaction between the different stakeholders. It should clearly identify who its members are and under what conditions membership is granted. The members of an organisation should also contribute to the organisation's joint financial resources. There should also be rules regarding how legitimate decision-making is carried out.

#### NETWORK

A network is a looser form of cooperation. A network structure differs from an organisation in some aspects. It does not have a defined set of members, nor any mutual resources. Since a network does not have a hierarchy when it comes to decision-making, no members have a legitimate authority to decide over other participants. Instead of defined rules procedure, a network is held together by the participants' mutual interest in meeting each other. Often this is complemented by some form of reciprocal dependence. A network should be characterized by an open interaction in which the participants seek solutions to their joint problems.

### Cooperation on e-commerce today – private and public sector

Today the NEA and SFTI (Single Face to Industry) are two forums where various stakeholders work together to promote the use of e-business solutions.

SFTI continues the work that was initiated at the end of the 1990s. Today it is a governmental cooperation between three agencies: the Association of Local Authorities and Regions, the National Financial Management Authority (EVS) and the

Administrative Development Agency (Verva). The objective remains to improve the conditions for electronic commerce in the public sector. Under the umbrella of SFTI these three agencies aim to develop standards that can be used by the government as a whole. The objective is to develop open standards for electronic business documents. The case of e-invoice is a good illustration of the ongoing work of SFTI.

The Swedish e-business network (NEA) is a non-profit organisation whose main objective is,

through a neutral meeting point, to create better conditions for the development of electronic business. Unlike its predecessor, GEA, the NEA network does not have any board of directors nor will it make any statements in its own name. It is based on membership fees for basic business and project funding by members and governmental agencies. Today there are about 60 members from different organisations and companies from both the public and private sector. The three governmental agencies in STFI participate in NEA.

### **The Swedish e-invoice standard – SwedInvoice**

The public sector is an important actor in the commercial market and there is a clear benefit to beginning use of e-invoicing. In the public sector, all the combined administrative levels handle around 25 million invoices per year, according to an estimate cited by the Administrative Development Agency. The National Financial Management Authority estimates that the Government would save around one billion SEK/year (approx. 0.1 billion euro) through the use of e-invoices.

In 2003, SFTI initiated a working group that would begin elaborating an easy-to-use electronic invoice. By the summer of 2004, the group published a standard for e-invoicing, called SwedInvoice (Svefakturan). SFTI wanted to base its e-invoice on existing international standards and

after having investigated the existing standards available, it was decided the invoice would be based on the UBL (Unified Business Language) standard developed by OASIS (Organization for the Advancement of Structured Information Standards).

The Swedish Government decided that the Swedish central government agencies would, no later than July 1, 2008, implement electronic invoicing using the SwedInvoice standard. The Swedish Financial Management Authority (ESV) would lead and coordinate the development of infrastructure and the implementation process of electronic invoicing. Each government agency would be responsible for its own implementation and time schedule.

### **View from the WTO Trade Facilitation negotiations**

In the WTO Trade Facilitation negotiations the importance of mechanisms for information to the trade community and public consultations has been recognized. Concerned stakeholders should be given the opportunity to give their views on new and proposed changes to trade rules. Public consultation and feedback improves the predictability of the regulatory environment and helps to improve the level of compliance.

In the negotiations it has been proposed that all WTO members should include the following features in their trade regime:

- Mechanism for routinely issuing notices of proposed changes to rules inviting comments from interested parties.
- Adequate time period between the adoption and entry into force of new rules to allow for stakeholders to adjust to the proposed changes.

- Include a standard notice requirement in defined circumstances, e.g. threats to security and health.
- Consultations between interested parties – both government agencies and private sector – on proposed new trade-related rules and other procedures affecting import, export and transit administration. These consultations could be held at local, regional or national level.
- When new or amended trade rules are presented, information on policy objectives sought should be included for transparency reasons. The information could outline the objectives of the proposed measures, alternative options considered and impact assessment.

## 5 SWEPRO – Sweden's trade facilitation forum

Many different governmental ministries and agencies, service providers and stakeholders in the business community are involved in trade facilitation efforts.

There is therefore a need to approach trade facilitation activities in a coordinated manner to ensure that when solutions are introduced in one part of the transaction chain, problems are not created in another part. This requires an effective forum where representatives from the business and public sectors can work together towards the effective implementation of jointly-agreed upon facilitation measures.

Setting up a national trade facilitation body is a good step towards achieving coordination. A trade facilitation body is a permanent institutional set-up supported by the government and the business community. Each country must choose the structure, composition and functioning of a trade facilitation body that best suits that country's needs and institutional capacity. The institutional set-up can also vary over time to adjust to changing conditions and needs among the stakeholders.

### 5.1 The evolution of Sweden's trade facilitation bodies

As we have pointed out earlier in this publication, improving the conditions for traders by making import and export easier has been a long-standing priority in Sweden, both for the private and the public sector. The business community has been an important driving force for trade facilitation in Sweden. The Government has also had an important role in recognising the importance of these issues for Sweden's competitiveness and the need for a forum where public and private actors could discuss these issues. Another important enabling factor has been the tradition of cooperation and consultation between different government agencies<sup>16</sup>.

#### **SWEPRO: A jointly financed organisation with government and trade (1975-1992)**

In 1975, the cooperation on trade facilitation between the different stakeholders was formalised through the establishment of a trade facilitation council – Sweden's Trade Procedures Council (SWEPRO). The Swedish Government and the Confederation of Swedish Enterprise signed an agreement stating that SWEPRO should be Sweden's central body working on trade facilitation. Originally the Council was to work on simplifica-

tion of trade and transport documents but later the organization's mandate would change to reflect advancements in technology.

SWEPRO was a very active member in international standardisation work, in particular with the UN. This was made possible by the active involvement of a large group of stakeholders and a professional secretariat which employed up to five people.

SWEPRO was organised as a Council with stakeholders from both the private and the public sector appointed on a three year mandate. SWEPRO was headed by a Board with eight members appointed by the Government and the Confederation of Swedish Enterprise. All stakeholders, in total around 30, were represented in the Advisory Committee assisting the Board.

SWEPRO:s stakeholders included, but were not limited to:

**Government agencies:** Ministry for Commerce and Industry, Customs, Ministry of Communications, Central Bureau of Statistics, Swedish Standard Association, State Railways Administration, National Board of Trade, Civil Aviation Administration, Swedish Export Council.

**Private Sector:** Federation of Swedish Wholesalers and Importers, ICC, Federation of Traders and Industries, Bankers Association, Association of Port Authorities, Association of Chambers of Commerce,

<sup>16</sup> The following draws among other things upon interviews with Sören Lennartsson (Swedish Association of Local Authorities and Regions) and Peter Fredholm (Fredholm Consulting), March 2007.



Shipowners' Association, Transport Council and others.

The group of stakeholders would change over the years. The Council also had a Technical Committee and various working groups dedicated to specific issues. The secretariat was hosted by Swedish Customs.

SWEPRO's work was concentrated on two broad subjects: one focusing on the procedures and processes in international trade and the other on electronic information flow (or electronic data interchange) and supporting technology. The aim was to achieve simplification and standardisation that was anchored on an international level.

The work with trade procedures focused on the rules and document requirements for importing and exporting goods, from the ordering process through payment and final delivery. These rules and documentary requirement were set up by a number of actors such as Customs, different transport organisations and commercial parties. SWEPRO's work was mainly done in various working groups under the WP.4 in the UNECE which lead to a number of UN recommendations.

The work on information flow and supporting technology was initially focused on defining data elements, content and syntax for different transport messages such as maritime, air and road transport. The transport sector was the driving force behind

this work. But from the mid-eighties and onwards there was an increasing global recognition of UN/EDIFACT as the international standard for EDI (Electronic Data Interchange). Consequently, SWEPRO's activities became more focused on participating in the work to elaborate new EDIFACT messages. With the arrival of UN/EDIFACT, SWEPRO assumed a new role: to disseminate information and provide assistance to the stakeholders using EDI.

Initially the Council's activities were entirely financed by its stakeholders, with the public and the private sector each contributing 50%. However, as the Council became more specialised in e-business activities related to EDI, more private organisations and companies were interested in funding the Council's activities. By the end of the 1980s, the private sector contributed the majority of the Council's funding.

SWEPRO was also receiving income from activities related to UN/EDIFACT. Some critical voices were raised against SWEPRO's staff doing consultancy work which they felt jeopardized the Council's standing as a neutral and impartial body.

At the end of each mandate period, stakeholders were to agree on a funding plan as well as a business plan for the Council. With many stakeholders having diverging interests this proved to be very difficult. The stakeholders also had competing

demands for their resources, both in personnel and financially, as more and more branches of industry created their own forums for standardisation. The threat of being without funding put strains on the personnel working in the secretariat and the activities on the whole.

In 1992 the Swedish Agency for Public Management did an evaluation of SWEPRO and concluded that the working areas of SWEPRO should be divided between two new bodies.

The government had a strategic interest in the simplification and harmonisation of trade procedures. The on-going work in this area would therefore continue in a government sponsored council which would retain the brand SWEPRO. The work on EDI, on the other hand, would be coordinated through a new platform for the users of EDI both in the public and private sector.

## 5.2 SWEPRO – Sweden's trade facilitation forum today

SWEPRO is today Sweden's trade facilitation forum. It is a platform where representatives from the public and the private sector meet for discussions and exchange of information regarding trade

procedures. The National Board of Trade chairs SWEPRO's meeting and provide the forum with a secretariat, all according to the Board's instruction from the Government.

### Tasks and activities

The focus of the work of Sweden's trade facilitation bodies has changed over the years following the priorities of its members. Today most of SWEPRO's work is dedicated to monitoring and reacting to developments on an international level, in the EU or in other standard-setting bodies or negotiations.

SWEPRO provides a platform for discussion and exchange of information regarding trade procedures among its representatives. An important part of the meetings are dedicated to information sharing between the organisations. Given to broad range of issues that are covered by the scope of trade facilitation, many organisations appreciate being kept updated on developments in other forums that are relevant to them, but which they, due to time and resource constraints, are not able to follow regularly. Since the establishment of the joint customs committee for strategic issues, Alfred, the discussion among Swedish stakeholders on customs issues tend to take place in that setting. A few of the organisations are represented both in Alfred and in SWEPRO.



SWEPRO has an activity plan identifying the focus areas for the forum's work. Issues that were considered important for the representatives in SWEPRO in the last activity plan included:

- international standardisation in the UN, EU and other forums
- security initiatives affecting the international supply chain
- development in the EU related to a new customs code and e-customs
- the on-going multilateral negotiations in the WTO.

The National Board of Trade makes part of their staff available to SWEPRO through the secretariat function. The secretariat can conduct research into various subjects and present the findings to SWEPRO. The forum can also make a request to the National Board of Trade to conduct a specific analysis.

The SWEPRO secretariat plays an important role through maintaining and updating SWEPRO's website. The website can be used by all representatives to disseminate information on upcoming activities and studies related to trade facilitation. However, this possibility has been sparsely used. There is still quite a lot of work left to make the SWEPRO website function as an information portal on trade facilitation for the Swedish stakeholders.

**The activities of a trade facilitation body can include:**

- supporting and advising the government in the formulation of a trade and transport policy
- providing advice, information, training and other services to their institutional member
- Initiating analysis and conducting research
- assisting in the implementation of trade facilitation measures
- being a consultation and coordination body in international negotiations
- participating in international efforts to improve trade facilitation and efficiency, e.g. standardisation work.
- promoting activities and raising awareness on certain issues, either through a website, regular news letters, publications or seminars

## **Structure, representation and mandate**

In the Government's instructions to the National Board of Trade it is stated that the Board should

host a trade facilitation forum, *SWEPRO*, that brings together the relevant stakeholders for discussions and information sharing on trade facilitation.

SWEPRO has been commissioned by the Government to:

**“promote simplification and efficiency in international trade procedures through active participation in the central international forums where these matters are addressed”.**

SWEPRO has a balanced membership from both the private and public sector. The ten organisations that are currently represented in SWEPRO are:

- Ministry for Foreign Affairs ([www.ud.se](http://www.ud.se))
- National Board of Trade ([www.kommers.se](http://www.kommers.se))
- Swedish Alliance for Electronic Business, NEA ([www.nea.nu](http://www.nea.nu))
- Swedish Bankers' Association ([www.bankforeningen.se](http://www.bankforeningen.se))
- Swedish Customs ([www.tullverket.se](http://www.tullverket.se))
- Swedish International Chamber of Commerce ([www.icc.se](http://www.icc.se))
- Swedish International Freight Association, SIFA ([www.swedfreight.se](http://www.swedfreight.se))
- Swedish Trade Council ([www.swedishtrade.se](http://www.swedishtrade.se))
- Swedish Trade Federation ([www.svenskhandel.se](http://www.svenskhandel.se))
- Swedish Association of Local Authorities and Regions ([www.skl.se](http://www.skl.se))

The National Board of Trade provides the forum with a secretariat staffed by experts working with trade facilitation in the Board. SWEPRO has four regular meetings each year and the secretariat is responsible for calling the meetings and producing the minutes of the meetings.

Previously the Government appointed representatives to SWEPRO but this practice was discontinued in 2006 when it was decided that the Director-General of the National Board of Trade should invite organisations to participate in SWEPRO. It is clear, however, from the government's instructions that all relevant stakeholders should be represented. For example, one representative from the Ministry for Foreign Affairs continues to participate. The organisations represented in SWEPRO have remained the same for a long period of time, with a few exceptions. This has enabled SWEPRO to have a good and stable working environment.



Any decision to extend the membership of SWEPRO would, in practice, be a decision taken jointly by the organisations represented in the forum.

**Examples of stakeholders to include in trade facilitation body**

- Customs
- Port authorities
- Government officials from trade and transport ministries.
- Chambers of commerce
- Manufacturers
- Importers associations
- Exporters associations
- Freight forwarders associations
- Carriers associations
- Financial institutes
- Insurance companies associations

When deciding who should be invited to the forum, a useful perspective has been to envisage the whole supply chain and consider those who may be involved at any point in dealing with the goods and the associated documentation, either from a regulatory or commercial perspective. It is an advantage to have representatives from different sectors but it is important that SWEPRO as a whole is perceived as a non-sectorial organisation. Each organisation decides on their representative in SWEPRO.

### National and international interfaces

A trade facilitation body should not be a stand-alone institution. In order to achieve its objectives and to be effective, it needs to be linked with national, regional and international institutions.

The effectiveness of a trade facilitation body will be hampered if there is no awareness of its work at a national level. Before establishing a body it must therefore be ensured that high-level decision makers are taken on board. In Sweden, this has been assured through the clear mandate from the Government and the active involvement in SWEPRO by central stakeholders in the public and private sector.

To be successful trade facilitation cannot be restricted to the national arena; it needs to be linked to the international work in both regional and

international forums. The reasons for this are twofold:

- to benchmark other countries' experience and learn from and adapt good practices
- to participate and influence regional and international work in trade facilitation

The representatives in SWEPRO have a number of interfaces to a wide range of international forums (see figure 5.1). In SWEPRO the representatives monitor and discuss international work.

SWEPRO is also part of a network with the Nordic countries in NordiPro and its European counterparts in EuroPro.

NordiPro and EuroPro are both umbrella bodies for the Nordic and European trade facilitation committees and other like-minded, non-profit-making bodies.

It is important to have a strategy for these interfaces/contacts. The strategy should identify which international and regional forums are important and how the national trade facilitation body should partake or participate in their work. Information management is a key issue. The SWEPRO activity plan is an attempt to achieve this.

**Figure 5.1 SWEPROs interfaces with national and international stakeholders**



### Funding

Funding has proved to be a key issue for many trade facilitation bodies. SWEPRO experienced difficulties obtaining funding at the end of the 1980s. This eventually contributed to the decision to divide SWEPRO into two organisations in 1992.

Many trade facilitation bodies experience that financial support from the government in the form



of regular budget contributions or grants that are vital to sustain the committee, especially in the early stages of development. By offering training courses or workshops at a fee or selling reports, forms and technical materials, the committee can make complementary earnings. Another option could be to host a commercially viable web-site providing material, such as forms, requirements and manuals.

Today, SWEPRO has no budget and is not dependent on any financing in order to sustain its activities. Each representative in the forum contrib-

utes with his or her time and work effort. The case of the National Board of Trade is particular since the Board also provides the secretariat for SWEPRO. This proved to be a beneficial solution when it was decided that SWEPRO would not have secretariat staff of its own. The Board can make good use of the information gained through SWEPRO in its analysis and, vice-versa, providing input to SWEPRO on on-going work related to trade facilitation in the Board.

### View from the UN: Setting up a trade facilitation body or a PRO-organisation

#### THE HISTORY OF TRADE FACILITATION BODIES

The practice of national trade facilitation bodies has a long history. A UN/CEFACT (United Nations Center for Trade Facilitation and Electronic Business) recommendation for establishing national trade facilitation bodies was issued in 1974. UN/CEFACT recommends that the trade facilitation body work with consultation between government institutions and the business community with the aim of enhancing policy coherence.

Many of the trade facilitation bodies that were set up were called *PRO committees* – where PRO stands for procedures.

The PRO committees set up in the 1970s were initially more narrowly focused on simplification and standardisation of trade documents and procedures. In time, their scope has been broadened to include new subject areas in trade facilitation, such as transport issues and electronic commerce including paperless trade.

UN/CEFACT estimates that there exist some fifty national trade facilitation committees or PRO committees around the world. Some of these have been set up with assistance from the UN, the World Bank or regional development banks.

A first step is to identify an appropriate lead agency to chair and direct the body's work. The lead agency could be customs, the ministry for trade or transport or the chamber of commerce.

A three-tiered structure is recommended as in figure 5.2.

The Trade Facilitation Committee, or the main committee, should represent all stakeholders in trade facilitation, trade and transport operators as well as public agencies. The Trade Facilitation Committee should meet at least once a year to decide on a work program and budget issues. UN/CEFACT suggests that to ensure commitment in the implementation of trade facilitation measures, decision makers should be representatives in the body. Experience shows that otherwise, many trade facilitation bodies encounter problems in the implementation phase.

To make the functioning of the trade facilitation body more effective, the main committee should appoint a steering committee with more limited membership. This committee should oversee and guide the activities of the working group. The steering committee should meet on a regular basis, three to four times a year, and its members must be willing to devote the necessary time to the committee.

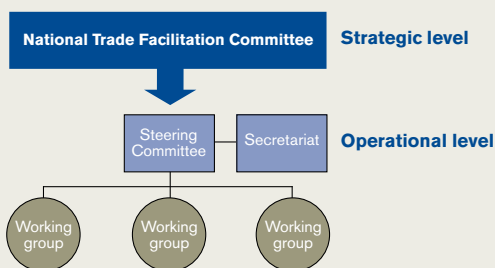
The steering committee can decide to have working groups on specific issues, either permanently or on an ad hoc basis. The output of the working group should be presented to the steering committee for endorsement, then submitted to the appropriate government agency for implementation.

To manage the day-to-day affairs, the committee should appoint a secretariat. The secretariat may be hosted either at a chamber of commerce, the ministry of commerce or trade or another suitable private sector organisation. It should be staffed with experienced professionals in trade, customs and transportation.

#### KEY ISSUES – SUCCESS FACTORS FOR A TRADE FACILITATION BODY

- Political backing and commitment
- Secured funding and resources
- A clear strategic plan for implementation
- Close cooperation with the business community
- Benchmarking other countries experiences, e.g. by linking up to regional trade facilitation bodies to share information and experience
- A permanent institutional set up (e.g. a secretariat) and trained staff

Figure 5.2 Organisational structure



## 6 Trade-related enquiry points in Sweden

A high degree of transparency and availability of information related to trade policy and regulations affecting trade, has been shown to reduce transaction costs for traders and therefore play a vital role when it comes to facilitating imports and market access. Easy access to trade information is in the long-term of interest for all trading countries.

One effective way of making trade-related information available and transparent for companies is to create enquiry points. This means that agencies involved in the border crossing process answer the operators' queries on existing trade regulations and assist them with clarifications. This is done either by telephone, e-mail or fax. Many of these enquiry points also make standard information easily available on the internet, thus avoiding overloaded telephone- or e-mail services.

In the following, we have made a selection of three different kinds of trade-related enquiry points in Sweden. The first one focuses on making issues concerning customs procedures easy available. The second is a contact point aiming at facilitating exports from developing countries to Sweden and the EU markets, and finally the third is an example of an enquiry point where EU Member states work together with cross-border issues.

A number of enquiry points are available in Sweden, where both national and foreign parties can obtain general and tailor-made information regarding trade regulations and impending regulations. The majority of Swedish government agencies have some kind of enquiry point, where citizens or companies can turn to with their queries. A number of different terms are used in Sweden for the purpose of making trade-related information available. Apart from enquiry points, terms like contact point, help-desk and centres are often used.



### 6.1 Call Customs

Call Customs is an enquiry point and part of the Swedish Customs Information Centre that facilitates issues concerning customs procedures for companies and citizens. This service started in the 1980s but it was quite small at that point. The demand increased rapidly when Sweden became a member of the European Union after 1995<sup>17</sup>.

#### **Call Customs and its function**

The main purpose of Call Customs is to provide companies and citizens, through telephone calls or e-mails (electronic service), with easily available

information on queries related to import, export, classification codes, tariffs, e-commerce or customs procedures in general. By helping companies avoid mistakes in customs procedure, it helps Customs work in the long run. Therefore it is of great importance for the information to be as transparent as possible. It should be easy to obtain information on the rules that apply when trading in goods. It should also be possible to contact Customs in ways and the times that suit the company or individual best.

Call Customs consists of a customs staff of 25 employees, permanently established in three different areas in Sweden (Gothenburg, Stockholm and Malmö) working closely together. There is one central telephone number to call irrespective of

<sup>17</sup> The following draws upon interviews with Bodil Taylor and Lotta Hammarström from Call Customs, Swedish Customs, June 2008.

what area the call comes from. Personnel have extensive working experience with customs issues, and they need to be able to handle varied customs issues in an effective and understandable manner. The staff regularly participates in various education courses so they are up to date with the latest customs legislation. Call Customs is free of charge and open to the public during working hours Monday to Friday.

Call Customs receive around 10,000 telephone calls and 1,100 e-mails per month from both companies and citizens. There is a clear and increasing demand for this service. As a rule, each telephone call should be answered within five minutes and each e-mail should be answered within one working day. Most of the companies use the telephone service, since this is the quickest and most effective way of getting an answer, while private persons (around 70 %) often use the e-mail service.

To avoid standard questions, the Customs Information Centre has put together a guide (FAQ) with the most common queries on customs procedure. The FAQ is available on the internet.

#### **The Taric Query System Online**

The central Taric database of Swedish Customs offers access to current information regarding rates of duty, commodity codes for classification, import and export regulations, exchange rates, explanatory notes and so on. The service is free of charge and available on the internet. The system gives users access to all the information required in order to provide the customs with the correct information. Advantages of the system: All the information that previously had to be retrieved from many different places can now be found in one system.

## **6.2 Open Trade Gate Sweden**

Open Trade Gate Sweden (hereinafter referred to as OTGS) is a contact point established to facilitate exports from developing countries to Sweden and the EU markets. OTGS provides exporters with user-friendly information about trade rules and regulations for the Swedish and European Union markets. The contact point forms a part of the National Board of Trade. All services are free of charge.

Many exporters in developing countries encounter a wide array of impenetrable regulations involving many different EU actors. The variation

in the way regulations are applied in the different EU member states can further complicate the situation for exporters. Even though the EU has entered into trade agreements such as the Cotonou Agreement and offered long-term technical assistance to developing countries, there has been a need to deal with the wide range of administrative and bureaucratic problems that put unnecessary obstacles in the way. According to the EU principle of subsidiarity, each EU member state should take care of specific inquiries related to their own rules and regulations.

In 2003 the Swedish Government decided to establish a contact point that would function as a trade adviser, without any legal obligation, primarily to exporters in developing countries, but also to Swedish importers and/or agents in Sweden. The contact point would take a proactive approach in addressing issues related to the whole body of trade policy regulations, while questions concerning import promotion would be forwarded to the bodies responsible in this area. It would be placed under the National Board of Trade since, compared to other government agencies or organisations, the National Board of Trade had the most relevant skills and experience at its disposal, which would be a good platform to build on. However, it would have its own office, logotype and budget, financed by the Ministry for Foreign Affairs. The contact point, called Open Trade Gate Sweden (OTGS) was officially inaugurated in March 2005.

### **OTGS and its function**

The goal of OTGS is to facilitate trade and increase exports from developing countries to Sweden. The target group is all developing countries as defined by OECD DAC-list<sup>18</sup>.

The purposes and services are:

1. Provide exporters with information regarding trade rules and regulations for the Swedish and EU markets, e.g. customs tariffs and preferences, labelling, packaging, health and sanitary requirements
2. Investigate and try to help with Non-Tariff Barriers (NTBs) and if a trade barrier is reported, investigate whether there are legitimate grounds for the reported measure and contribute to simplification
3. Influence Swedish and EU trade policies in order to make them more transparent, accessible and open.

<sup>18</sup> OECD DAC-List with all the countries: [http://www.oecd.org/document/45/0,2340,en\\_2649\\_34447\\_2093101\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/45/0,2340,en_2649_34447_2093101_1_1_1_1,00.html)

To be able to provide exporters with professional and comprehensive answers, OTGS maintains a wide ranged network of collaborators in the Government Sector as well as the Private Sector. OTGS cooperates with a number of Governmental Agencies specialised in different areas within trade.

As of 2008, the OTGS secretariat is composed of an Executive Director, two trade advisors, and one administrative officer. Since its creation, OTGS has received enquiries related to trade rules and regulations on a regular basis. In addition, an important number of business-to-business enquiries are received and forwarded to organisations dealing with import promotion. These enquiries come from a large number of countries and relate to a wide array of products. In addition to answering enquiries, OTGS works in close partnership with the Swedish embassies abroad as well as with foreign embassies based in Sweden. The Cooperation is diverse and demand driven. The scope of activities includes providing information for business delegations to Sweden and conducting “Exporting to Sweden” seminars abroad. It is planned to expand the span of cooperation to capacity building and other activities in the near future.

Regarding the work with trade barriers, the reports received are comparatively lower than expected. The reason for this is somewhat unclear. Either it is a question of OTGS not reaching the right target groups or exporters in developing countries are not able to clearly define where such barriers lie. In view of this situation, OTGS has allocated additional resources to work more effectively with elimination of trade barriers and address this area at a high political level.

## 6.3 SOLVIT – Enquiry points where EU Member states work together with cross-border issues

SOLVIT is an on-line problem solving network that connects governmental agencies throughout Europe in order to help companies and individuals caught between various regulatory systems. European Union Member states work together to solve problems, without legal proceedings caused by misapplication of Internal Market law by public authorities. SOLVIT is an alternative dispute resolution mechanism.

There is a SOLVIT Centre in each European Union Member state. The Swedish SOLVIT Centre lies within the National Board of Trade.

SOLVIT has been working since 2002 and deals with cross-border problems between a business or a citizen and a national public authority where there is a possible misapplication of EU law. It is the European Commission that co-ordinates the network and provides the database facilities. The Commission sometimes also passes formal complaints on to a SOLVIT Centre if it considers it to be a problem that might be solved without legal action. Some examples of policy areas are: market access for products and services, public procurement, border controls, taxation etc.

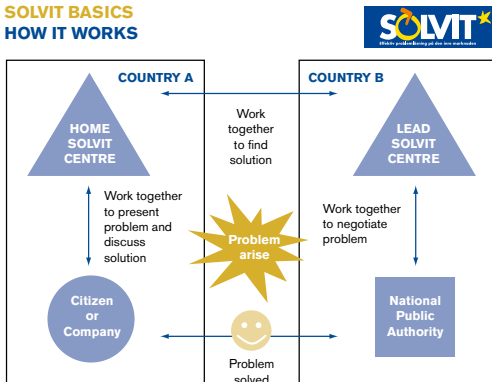
### **SOLVIT and its function**

When a case is submitted to the local SOLVIT Centre it will be checked to ensure it concerns the misapplication of Internal Market rules. The case will then enter an on-line database, where it will be forwarded automatically to the SOLVIT Centre in the other member state where the problem has occurred. Within a week this SOLVIT Centre will confirm whether or not it will accept the case. The SOLVIT Centre will consider whether the case is well-founded and whether there is a good chance that it can be resolved pragmatically. In some cases, the only solution to the problem requires an amendment of or the abolition of a national rule, but mostly it concerns applying the national rule correctly.

The SOLVIT Centre can be reached either by telephone; fax or e-mail and the query will be promptly replied to and is free of charge. If the SOLVIT Centre of the country where the problem has occurred agrees to try and solve the problem, the deadline for a solution is ten weeks. If a solution is found, advice will be sent with information on how to benefit from the proposed solution. If a case cannot be solved by the network, the local SOLVIT Centre will try to help and find another way to deal with the problem.

Figure 6.1 How does SOLVIT work?

#### SOLVIT BASICS HOW IT WORKS



Source: [http://ec.europa.eu/solvit/site/about/index\\_en.htm](http://ec.europa.eu/solvit/site/about/index_en.htm)

#### The Export Helpdesk for developing countries

The Export Helpdesk for developing countries is an online service provided by the EU Commission to facilitate market access for developing countries to the EU. The database includes information such as import and market requirements, import tariffs, customs documents, rules of origin, trade statistics and a market place (platform between importers and exporters). The information comprises goods exported from a developing country to an EU member state. The helpdesk can assist with questions concerning both Community rules and national regulations. The Export Helpdesk has become a success in term of usage. The total number of hits registered in the database was about 2.7 millions during 2007. See: [www.exporthelp.europa.eu](http://www.exporthelp.europa.eu)

#### View from the WTO negotiating group on trade facilitation: Enquiry points

In the WTO trade facilitation negotiations it has been proposed that members should establish enquiry points for trade-related information. An UNCTAD technical note<sup>19</sup> explains that a country should provide trade-related information on the following issues and measures:

- 1) All relevant laws, regulations, administrative guidelines, decisions and rulings of general application
- 2) Customs and other border-related agency processes (including port, airport, and other entry-point procedures and relevant forms and documents)
- 3) Conditions for different forms of customs treatment
- 4) Appeal procedures (including standard times and conditions for appeal)
- 5) Fees and charges applicable to import, export and transit procedures and requirements
- 6) Agreements with any other country or countries relating to the above issues
- 7) Management plans of customs and other government agencies relating to implementation of WTO commitments, possibly including standard processing times or relevant reform and modernisation programmes
- 8) All significant amendments to the above and regulatory updates

The information should be easily accessible, either through personal contact via telephone, or through on-line enquiry service and be available to government and traders on a non-discriminatory basis. Each enquiry point should have a timeframe for responses to queries indicated. It is

important that the enquiry point is equipped by competent personnel and that they are regularly updated with new information. Ideally, an enquiry point at one agency should be able to give information on the responsibilities and regulations of other agencies at the border. However, on more complex issues the operator would be referred to the relevant agency. Costs and set up procedures may not be too burdensome as many governments already have the seeds of an enquiry point either within the official state organs or in the private sector. The basic infrastructure requirement is a computer-equipped office and a small staff to process the incoming information and build the data-bases, as well as a fast internet connection.

UNCTAD notes that the following benefits can be obtained by creating national enquiry points:

- 1) Quick and informed decision making by traders on importing and exporting based on current information on regulations, charges, formalities and procedures in force
- 2) Time and cost savings due to ready access to comprehensive trade information
- 3) more effective and efficient deployment of government resources and a simpler scenario for control and compliance purposes
- 4) Increased transparency and integrity of the international trading system
- 5) A levelling of the playing field in international trade transactions and an overall increase in the volume and speed of trade flows.

<sup>19</sup> UNCTAD (2006) "National Enquiry Points" UNCTAD Trust Fund for Trade Facilitation Negotiation Technical Note No.6.

## 7 Authorised trader and risk management

Many customs authorities are now launching systems for Authorised Economic Operators – AEO. The leading idea behind these systems is that customs should focus their resources and attentions to the goods that are unknown, leaving well known compliant companies to go about their business. This also gives the advantage of trusted AEO's goods quickly moving again through the supply chain, should an incident occur that forces a stop. In order to rely on companies you need good knowledge of their working practices and their supply chain. With many AEO-schemes, companies are required to provide comprehensive information on their business as well as on sendings prior to import or export.

In this chapter we will look at the development of the Stairway, its security model and its links to other AEO-systems. We will also discuss the basis of risk management.

The World Customs Organization (WCO) gives an outline of an AEO scheme in their Framework of Standards to Secure and Facilitate Global Trade, published in June 2005 and a large number of countries have committed to implementing a AEO-programme. However, the way to this universal consensus on the added value of AEOs has been through trial and error. Much of this was carried out in Sweden with the implementation of the customs handling system known as the Stairway®.

### 7.1 Stairway®

In order to manage trade volumes with scarce resources, Swedish Customs created a system that rewarded compliant traders by offering them facilitation in the customs process. This system is named Stairway. A first step towards this was “Hemtagningssystemet”, launched in 1974. This was a new customs procedure with simplified importation for companies holding the relevant authorisation. Under this simplified procedure the importer could make its import declaration in two steps and also enjoy deferred payment of duties and other fees. First the presentation of a simplified import declaration at the point of entry. Later the final declaration, which was the basis for Customs' decision on classification and tariff, could be presented several days after the goods had entered the country. A company approved under this procedure could thus transport its goods directly

to its destination, making the import and transport process much easier.

#### **Stairway – key issues**

Risk management and compliance – identification of high risk operators automatically also identify low risk operators that should enjoy facilitation for being compliant.

The basis for the Stairway is a partnership between Customs and trade.

The Stairway promotes quality and safety in the companies' processes and offers better and more facilitated customs procedures for its accredited companies.

For Customs, the Stairway is a well-functioning and effective control tool. By shifting focus from transaction controls to a system-based approach Customs gains better controls of the companies and their processes. Customs' scarce resources can also be employed more efficiently.

The development of the Stairway concept was carried out against a backdrop of increasing trade volumes and decreasing customs revenues due to lower tariff rates. As we have already mentioned, Customs were facing an increased workload after Sweden's entrance into the EU in 1995 and there was a need to use its resources more efficiently to maintain the same level of service. A Parliamentary Report commissioned to look into the results and consequences to Customs of Sweden's membership recommended that Customs should develop new working methods that favoured compliant traders and use risk management techniques.



The ideas brought forward in the report were not new. A number of processes had been on-going in Customs for many years in this direction. Customs had gone from a working method that focused on each individual transaction to a system-based approach. The first step had been taken back in 1974. The use of risk management techniques was another important enabler in this process (see below). The concept of facilitating trade by offering simplifications to compliant traders was another important part.

### **About the Stairway®**

The Stairway was produced between 1998 and 2002. Since 2002 this quality assurance programme for companies has been in use. The European Union has had a common AEO programme since January 1, 2008. Some of the functions of the Stairway are now a part of the Swedish implementation of the European rules for AEO<sup>20</sup>.

Stairway was designed to ensure efficiency, quality and safety in third country trade by encouraging compliance with rules and offering facilitations. One foundation for this work was a positive climate of cooperation between Swedish Customs and Swedish companies. Development work was carried out in cooperation with the business community and fifty companies participated in pilot studies which preceded the final programme.

All companies that conduct trade with third countries are included in Stairway but are on different steps in the programme, depending on whether

their customs routines have been the subject of quality assurance or not. Quality assurance in Stairway means that the Swedish Customs, after implementing a quality assurance process of companies' routines, can certify the companies for simpler and more efficient customs handling. An examination is made of the companies' operations and routines. The routines ensure that the information submitted by a company is correct from the outset and the company is then given faster and smoother treatment by customs. The principle is that the better the knowledge Swedish Customs has of a compliant company's flow of goods and information, the more facilitations the company can be given in customs clearance and thereby reduce the risk of disruptions in the company's flow of goods. Use is made of the information in the companies' business systems and the companies are given solutions and facilitations adapted to the customs processing of each company. One prerequisite for certification in Stairway is that a company's customs declarations can be submitted electronically, either via the Swedish Customs Internet declaration, which is available on the Swedish Customs' website [www.tullverket.se](http://www.tullverket.se), or via EDI/EDIFACT from the company's business system (see figure 7.1).

<sup>20</sup> The so called security amendments in Regulation (EC) No 648/2005 of the European Parliament and of the Council, amending Council Regulation (ECC) No 2913/92 establishing the Community Customs Code.



**Figure 7.1 The Swedish Customs' Stairway. All companies are included in Stairway but to reach steps 3–5 they must be accredited.**



One possible simplification is that the so-called local clearance procedure can be done by a note in the accounting system in combination with the use of periodic customs declarations which means that, instead of requesting a customs declaration, Customs approve the information in the business system when the goods are received and checked by the company, or made ready for shipping. This system makes it unnecessary to contact Customs for each individual import or export, but rather allow a supplementary electronic customs declaration to be submitted at a later point in time.

During the quality assurance process, an officer from Customs is appointed as the contact person for each participating company. After the quality assurance process, this officer continues to help the company with its customs administration and is also responsible for the regular follow-up of the company.

### **StairSec®**

The issue of security in the supply chain took on a new urgency after the terrorist attacks on

September 11, 2001. The fear was that legal transport might be used by terrorists. To minimise security risks in the supply chain, Stairway was extended with a new module in 2003: StairSec (Stairway Security Programme). In the first place companies that are accredited on levels 3–5 in Stairway could apply for accreditation in StairSec. Companies being a part of the supply chain like shippers and freight forwarders could also participate.

Companies can no longer apply for accreditation in Stairways but much of the same procedures apply for the security module of the EU AEO.

During the quality assurance process for StairSec, the companies' operations, flows of goods and security awareness were initially surveyed with the aid of a questionnaire for accreditation purposes. In this connection, the company examined its routines and ensured that everything was documented before an application was made to Stairway. The use of a questionnaire, tailor made for each company's role in the international supply chain, ensures that the accreditation process is uniform and that the same level of quality is



maintained for all companies. In the next step, Swedish Customs worked together with the company to establish priorities and evaluate different risks in the company's operations and flow of goods. The accreditation process in respect to security included the following areas: all its facilities, the logistical flow, staff and the operators in this flow, IT systems, and the flows of information between the company and its external partners.

Since they constituted a smaller risk of being used for illegal purposes, companies that were accredited in StairSec were subjected to fewer controls. Linking StairSec to facilitations in Stairway was a deliberate method to create incentives for companies to participate in StairSec. It was also made easy since it linked up to an already existing concept.

In StairSec there were four different modules that focus on different roles in the supply chain:

- Operators (importers and exporters)
- Customs brokers and agents
- Transporters, freight forwarders and carriers
- Terminals and ports

According to Swedish Customs, one requirement in the development of StairSec was that the system should comply with the requirements made by other international security systems such as C-TPAT and CSI<sup>21</sup>. Representatives of American customs visited Sweden in 2001 and studied Stairway, and it is obvious that there are considerable similarities in the thinking behind Stairway (at that time Stairway did not have a security module) and C-TPAT, even if C-TPAT only focuses on security. According to the Swedish Customs, Stairway along with its security module, StairSec, corresponds entirely to, and also constitutes the basis for, the AEO certification that was introduced at the EU level on January 1, 2008, in respect to the criteria an operator must fulfil in order to be given AEO status.

### **A systems based approach**

The Stairway constituted a profound change of the way in which Customs worked. It meant going from a way of working that focussed on each individual transaction to a system-based approach. A system-based approach has a higher investment cost initially when accreditation of routines and re-design of processes take place. However, once this phase is passed the costs decrease for both customs and trade. The costs for traditional transaction-based controls, on the other hand, remain steady over time.

The system based approach means that customs through the accreditation process receives information about a client to such an extent that the main focus is on deviations from normal patterns regarding foreign trade. A system based approach requires a company to have several internal points of scrutiny points and business systems that allow full tracking of a transaction from the moment an order is made until the commodity is in free circulation.

The Stairway system enables Customs to transfer resources to high-risk areas, while still having better control and security regarding low-risk operators.

### **Risk Management and COMPACT model**

Risk management is the systematic approach to assessing risk and developing strategies to manage it. The aim is to protect an organisation against losses, damages and interruption in an optimal way.

Risk management is an integral part of the accreditation process for Stairway and StairSec. Swedish Customs started to use risk management in the 1990s and developed a systematic approach to risk management in customs operations in a specific project from 1996 to 1998. The purpose is to use risk management to focus customs control activities on risks rather than on random selected objects and declarations.

The experience of Swedish Customs was used in a benchmark project under the EU Customs 2002 Programme. Swedish Customs was an active participant when the COMPACT model – a working method for international accreditation of Authorised Economic Operators based on risk management – was elaborated. The COMPACT model contains a catalogue of risk indicators and methodology for risk assessment, the risk mapping method. The COMPACT model and the risk mapping method are used by Customs in the risk management parts of the Stairway and StairSec accreditation process.

The risk mapping method is a systematic way to assess and judge the risk associated with a company. The method is used to prioritise risks based on the likelihood that they will happen and their impact. Customs administration should aim their limited capacity towards risks that are not sufficiently covered by the company itself. It is therefore necessary to have the company in focus and have close communication with the company.

The risk assessment process is often initiated after a company has applied for facilitation under

<sup>21</sup> National Board of Trade: "Supply Chain Security Initiatives: A Trade Facilitation Perspective", (2008).

the Stairway. The risk mapping process consists of five steps:

**Step 1:** Understanding the business of the company. Customs needs to have a good overview of the company's business environment and its administrative organisation and internal control systems. Several sources of information are available both internally within customs and externally from the operators themselves or a chamber of commerce.

**Step 2:** Clarifying the customs' objective. Whether risks are relevant must be judged in view of the objectives of the customs administration and the kind of facilitation and benefits that the company is applying for.

**Step 3:** Identify the risks. Risk is any action or event that might have a negative impact on custom's objective. For instance compromising the financial interests of customs or posing a threat to security, safety, the environment or consumers. Five risk areas have been identified in COMPACT: organisational characteristics, compliance, volume of business, goods and safety and security procedures.

**Step 4:** Assess risk. Which risks are most significant? The risks identified in step 3 should be prioritised by evaluating their impact on customs objectives and the likelihood of them materialising, so called risk mapping.

**Step 5:** Respond to risks. Once the risk mapping had been carried out, customs must decide if the facilitation the operator applied for can be granted or not, and at which level. Customs also make an evaluation on whether the company should make any adjustments and improvements to cover the risks or reduce them to an acceptable level. Some risk cannot be avoided, in these cases this should be explicitly stated and approved by an appropriate level of customs management.

## 7.2 Inventing the Stairway – A partnership approach

The continuous improvement in relations between Customs and the trading community was perhaps the most important enabling factor behind the development of the Stairway. The Stairway was developed in partnership with business – something that would not have been possible had there not been a mutual trust between the two parties.

Prior to the Stairway many of the larger trading companies with their own in-house knowledge of customs had developed systems and solutions which they had agreed upon with Customs. One of the objectives with the Stairway was to get away from this situation and create a system to ensure that all companies fulfilling certain criteria were given the same treatment.

Developing the Stairway concept was a gradual process that took many years. It began in 1998 and the first version of the Stairway concept was introduced and implemented in 2002. The process had involved all stakeholders in the trade chain and the development and implementation of the Stairway was a substantial undertaking for Swedish Customs. It demanded innovative work to develop the Stairway concept and capacity building efforts both within Custom and efforts directed towards the trading community.

From the very beginning it was clear that the Stairway would be developed with a partnership approach between all stakeholders in the trade chain. For consultation with these stakeholders a project group under the Alfred Joint Committee lead by Customs was formed, as we have already pointed out in chapter 4. Participants in this project group were specialists from Customs and representatives from the Board of Agriculture, National Board of Trade and all trade organisations.

Customs works closely with the future users – the trading community – and used a system of pilot companies. These companies were selected to represent all future stakeholders both importers, exporters and operators of all sizes, from large international multinational giants to the small and medium sized companies. The use of pilot companies was a conscious decision by Customs to use a bottom-up approach. The suggestions for simplifications would come from the companies – since they were to best judges as to their own needs and interests.

When the Stairway was launched in the spring of 2002, around 50 pilot companies had participated in the development of the system one time or another.

### Identifying the needs of business

The project identified the following needs **for business**

- simplicity
- trust
- predictability
- low cost
- simplicity
- speed
- transparency and neutral competition
- acknowledgement of companies' different needs
- to enjoy benefits from compliancy maintaining high quality
- a partnership approach

### Identifying the needs of customs

The project identified the following needs **for customs**

- all controls to be based on risk management
- 100% electronic processes
- a single window system
- a one-stop-shop system
- high quality in information and declarations
- access to company systems
- partnership and cooperation against fraud and smuggling

Customs also developed a Cost-Benefit Calculation Model which was offered to all companies interested in the Stairway. To put the gains from a facilitated process in monetary terms is always a challenge. But Customs had identified that if the accreditation and the subsequent re-design of procedures and processes within a company were to be successful, customs issues needed to be discussed on the strategic level in the companies. To have an impact at the level of CEO:s and financial managers, financial savings from accreditation needed to be shown.

Training and capacity building within Customs was another important component. A new customs position with the responsibility for working with accreditation of companies was needed. These new employees should not only have in-depth knowledge of customs processes, procedures and legislation but also a good grasp of the business environment, logistics and auditing. To fill the positions of around 150 new employees, customs recruited mainly among its own specialists, but some outside competences were also employed.

Capacity building among all Customs official was undertaken. All Customs officials underwent 12 hours of training in the new Stairway system. At the same time information was directed to business through newsletters to the companies that had participated in the study, adds in national papers, information kits on the Stairway and so on. Customs offered special help to companies in order to map processes and carry out the certification. It was a pronounced Customs policy to raise the competence and knowledge about customs procedures among staff handling customs matters within the companies. In this effort the development of a new database of operators and an upgrade of IT systems were an important component.

## 8 Cooperation among border agencies – Single Window

In many countries, companies involved in international trade have to prepare and submit a large volume of information and documentation to government agencies to comply with requirements related to import, export and transit.

This information often has to be submitted to several agencies, each with their own specific system (manual or automated) and paper format.

These requirements, along with their associated compliance costs, can constitute a serious burden to both governments and the business community. This can also act as a barrier to the development of international trade.

Coordination of activities and requirements of all government agencies involved when goods cross borders is one way to reduce the number of days spent with pre-arrival documentation and inspections. A Single Window is one way to achieve this co-ordination.

In this chapter, we will describe the Swedish Single Window.

### 8.1 Swedish Single Window<sup>22</sup>

The Swedish Single Window is called tullverket.se (formerly the Virtual Customs Office). Through the Single Window traders can submit electronic customs declarations and apply for import and export licenses and licenses for strategic products. Import and export declarations can be processed both via the Internet and through the traders own business system using EDIFACT. The system currently involves Customs (as the lead agency), the Board of Agriculture, the National Board of Trade, the National Inspectorate of Strategic Products and the Police.

The Single Window includes all trade-related regulations and can provide traders with automated updates on changes via Internet. The website of Swedish Customs also offers interactive training courses and the possibility to customise and create a personal virtual customs office.

Establishing a Single Window in Sweden was a solution to a situation where more and more trade procedures cut across more than one public agency. By offering an integrated solution where information was submitted only once, smoother processes were possible to implement, benefiting all stakeholders.

In the Swedish Single Window all cross-border activities are coordinated through customs.



The basis for this is a mutual sharing of electronic documentation.

Swedish Customs has a long-standing tradition of being the only public service at Swedish borders, performing several tasks for other border agencies such as the National Board of Trade and the Swedish Board of Agriculture. When the use of information technology increased it was a logical process to involve all such partner agencies in the design and development of ICT-systems supporting the overall process of foreign trade.

The first steps towards a true Single Window were taken in 1989, when customs developed the Customs Information System for the export process and forwarding statistics electronically to Statistics Sweden.

<sup>22</sup> This description draws upon the case study of Sweden in UN/CEFACT (2006) Case Studies on implementing a Single Window to enhance the efficient exchange of information between trade and government.

### **Benefits of the Single Window for traders, customs and other border agencies**

For Swedish traders the establishment of a Single Window meant that less time, and hence money, have to be spent on submitting the same information twice to two different agencies. With a Single Window traders also have easier access to information. The improved efficiency when submitting information can be translated into clear benefits such as fewer delays, less uncertainty and a lowering of barriers to trade.

For governmental agencies the Single Window means that less time has to be spent on tasks requiring lower skills and resources can be allocated to processes or procedures that are more complex or not possible to computerise. The agencies also experience that the quality of information submitted by traders have improved. With a Single Window, customs and other border agencies can improve its efficiency while at the same time improving the level of service offered to the customers (traders).

Customs revenues have increased marginally with the Single Window but the main reason for the increase is that levels of proper collection were high even before the Single Window was introduced, almost 99.5 %.

### **The Establishment of the Single Window**

The set up of the Single Window was managed gradually by introducing customs procedures in sequence, starting with export, then transit and finally import. The collection of revenue, simplified procedures and supportive systems such as the customs tariff were introduced at different times allowing a staged set up.

The development of the first sub-system, export, was initiated in 1988 and at the end of 1989 the system went operational.

Custom's personnel were trained between 16 to 32 hours depending on their individual roles in the organisation and the complexity of the sub-system introduced. The concept of "train the trainer" was used, i.e. super-users and teachers were trained centrally and then the staff obtained training locally.

### **The services covered by the Swedish Single Window**

Apart from all ordinary customs services, the Swedish Single Window also provides the following services:

- **Import licenses:** Customs has established a solution in cooperation with other agencies issuing import licenses: the Board of Agriculture, the National Board of Trade and the National Inspectorate of Strategic Products.
- **Foreign trade statistics** are extracted from customs declarations and submitted electronically from Customs to Statistics Sweden covering requirements for operators concerning statistical information.
- **Import VAT (value added tax):** Payments are made to Customs that forwards the information to the National Board of Taxation.
- **Customs duties:** Deliveries of payments are done automatically between Customs and the National Debt Office and also the European Commission.
- **Pets** may be declared electronically over the Internet to Customs, which also fulfills the requirements from the Board of Agriculture.
- A similar solution is provided for hunters and other citizens needing to **declare firearms and weapons** where also the requirements from the Swedish Police are also fulfilled.

Regarding **Norwegian and Russian Customs**, Single Window solutions are operational for authorised operators concerning the export procedure.

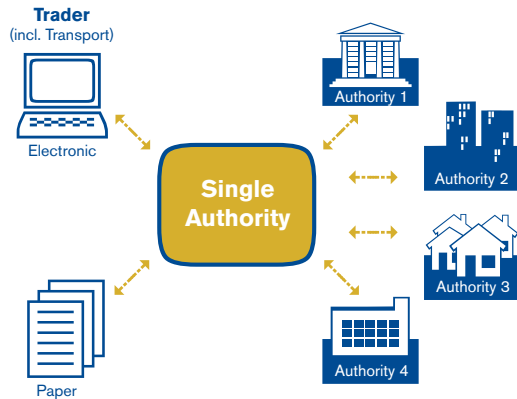
On a yearly basis, 94 % of all Customs declarations are submitted electronically using either XML or EDIFACT as the electronic standard for transmission of data. The Swedish Customs Information Systems manages more than 100,000 electronic messages on a daily basis.

Approximately 12,000 companies and 7,000 citizens use one or several of the Single Window services provided by Swedish Customs.

### **How does the Single Window work?**

The main users of the Single Window are importers, exporters and customs brokers (agents).

**Figure 8.1 A stylised model from UN/CEFACT illustrating how the Swedish Single window operates:**



Source: UN/CEFACT recommendation No 33. p. 8

The client submits information to Customs. The customs declaration is submitted electronically and selected information is extracted and forwarded to the responsible public service agency, for instance trade statistics to Statistics Sweden. If the client needs a specific service, for instance a license, the request is forwarded to the relevant public agency.

Data is submitted electronically either using EDIFACT or XML, depending on the choice of the customer. Customers who submit many customs declarations normally choose EDIFACT. Paper declarations may be submitted and are then keyed into the Customs Information System by a Customs Officer. All declarations, electronically or submitted on paper, are stored in the data warehouse and used for ex-post controls and Customs audits.

### Business model

The development of the Customs Information System, and hence the first steps towards a Single Window, was initially financed using dedicated funds from the Swedish Government. When new services are designed and implemented today, financing is done under existing budgets allocated to each public service respectively.

The services under the Single Window of Swedish Customs are free of charge. However some investments may be necessary for customers to be able to use the more advanced services, i.e. submitting electronic Customs declarations using EDIFACT.

### Promotion and communication

As we have pointed out before in this publication, representatives selected by different customer groups participate in joint committees initiated by Swedish Customs at strategic and tactical levels. At tactical level, two joint committees exist, one dealing with customs process (for instance interpretation of legislation) and one dealing with research and development and ICT-issues. Through these joint committees customers and end-users of the services of the Single Window are actively participating in the prioritisation of new services in the Single Window.

Clients have the opportunity to participate in training sessions organised by Customs in cooperation with other relevant public services, for instance the Swedish Board of Agriculture regarding licenses and export refunds. Training is also provided for at Tullverket.se on the Custom's website.

### Judicial aspects

The use of the Single Window is voluntary except for customs declarations concerning the transit procedure, where electronic declarations are obligatory.

Some changes to the legislation were made to enable the Single Window. Changes were made to allow for electronic documents (for instance regarding signatures, stamps, rejected declarations and similar issues) and the ability to submit electronic declarations. The right of Customs to share information with other public services was regulated through amendments to existing legislation.

The Single Window users are informed about which segments of its submitted information Swedish Customs will forward to other public authorities. Through this transparent approach the submitter of information is ensured that only the information necessary in order to perform the different tasks of two public services is shared. When information is submitted, each public service respectively is responsible for the protection of privacy according to the Swedish privacy legislation.

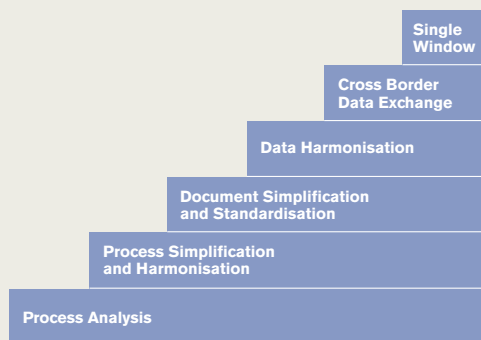
## View from the UN: UN/CEFACT recommendations on Single Window

UN/CEFACT has done extensive work on Single Window by elaborating a recommendation on how to establish a Single Window: *Recommendation No 33 – Recommendation and Guidelines on establishing a Single Window to enhance the efficient exchange of information between trade and government*. UN/CEFACT has also published case studies from various countries.

In its recommendation, UN/CEFACT notes that coordination among agencies at the border can include a range of measures: from exchange of information to the establishment of a Single Window which provides access to all agencies through a single entry point.

UN/CEFACT describes the way most countries undertake efforts to facilitate trade procedures with a staircase model (see figure 8.2 below). In this model countries 'climb' the staircase and passes through stages of simplification and harmonisation – first at the national level and later on an international scale.

**Figure 8.2 Step by step process**



Sources: UN/CEFACT secretariat publication 2007, <http://www.uncefact.org>

UN/CEFACT recommends that countries establish a Single Window enhancing efficient exchange of information between trade and government. UN/CEFACT defines a Single Window as a:

*"facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once"* (UN/CEFACT Recommendation No. 33)

In its recommendation the UN/CEFACT presents different models for a Single Window and practical steps in planning and implementing a Single Window.

UN/CEFACT is currently working on two recommendations on Single Window that will complement Recommendation 33. The additional recommendations are:

*Recommendation No. 34 – Data Simplification and Standardisation for International Trade*. The purpose of the recommendation is to assist governments and trade in rationalising and standardising international trade data required to fulfil all import, export, and transit related regulatory requirements, and to encourage the use of international data exchange standards in this process.

*Recommendation No. 35 – Recommendation on Legal Framework for International Trade Single Window*.

Establishing a Single Window is a complex process and creating legally enabling conditions is one of the main challenges. The aim of the recommendation is to give guidance on legal issues related to national and cross-border exchange of trade data required for Single Window operations.

Once the recommendations have been approved in the UN/CEFACT Open Development Process, the new recommendation will be available for countries to use.

## 9 Regional Cooperation

### – Cooperation across borders

Cooperation is crucial in order to simplify legitimate trade. This not only applies to cooperation with national companies and authorities, but also internationally, not least on a regional level. The exchange of information along with the development of methods and technology offers many advantages. The efficiency of customs administrations is based to a greater extent on the operation of networks constituted by various countries than on individual organisations.

In this chapter we will look at Sweden's most important regional border cooperations.

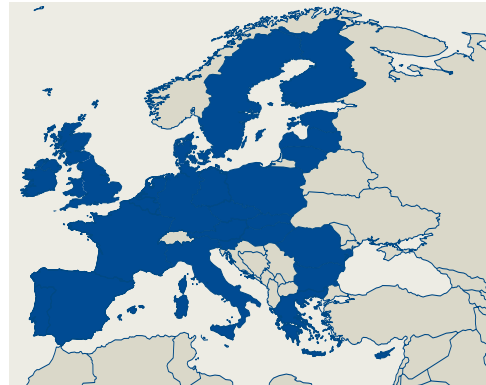
### 9.1 The European Customs Union<sup>23</sup>

The purpose of creating a European Customs Union was primarily to phase out existing import and export duties and charges with a corresponding effect, as well as restrictions on trade between the member states (in 1968 between the six original member states: Belgium, France, Italy, Luxembourg, Netherlands and West Germany). Exemption from customs duties and trade restrictions would not only apply to commodities with their origin in a member state, but also to third country commodities that were in free circulation on the internal market, provided that import formalities had been observed. Furthermore, common border controls were introduced for third countries in the form of a common customs tariff. However, a Customs Union was nowhere near completed in 1968. Apart from the customs tariff, merely common regulations existed for customs value and origin. Border controls in the internal market remained for a long time after 1968, due to national deviations from the customs tariff which made controls necessary. The more definite step towards harmonisation was not taken until 1993 when the EU Community Customs Code came into force.

With Swedish EU membership in 1995, Sweden automatically became a member of the Customs Union. From one day to another Sweden had to annul the Swedish Customs Code and instead apply the EU Customs Code. This was an enormous changeover, since the new Customs Code was far more complex than the Swedish model. During 1994, Sweden, a country that had driven a quite liberal free trade policy and had come very far with

trade facilitation issues, suddenly had to adjust to the EU trade policy. This was a step back for the Swedish free trade policy ambitions. However, many advantages came with the membership: Sweden was now part of the internal market, based on facilitating the free movement of goods, persons, services and capital within the European Union, without customs duties or other obstacles.

Figure 9.1 Map of the European Union



#### The Customs Union today

Customs administrations across the European Union are uniquely equipped to play a central role in policing the EU's external borders. Today 27 customs services are working closely together to protect citizens and businesses and to facilitate trade between countries. The Customs Union is a key component of the EU's single market, which functions through common rules that are applied uniformly at its external borders. This means that

<sup>23</sup> The following draws among other things upon an interview with Hans Flykt from the National Board of Trade, Aug 2008.



all the 27 customs administrations in the EU act as one, based on a common customs policy and a common set of legal rules known as the Community Customs Code.

A legal framework, the Community Customs Code, entered into force in 1992, covering the following points:

- Ensuring that the common tariff is applied in the same way all along the EU's external borders
- Introducing a common approach on warehousing procedures
- Facilitating movement of goods in “customs transit”
- Replacing the wide variety of customs documents with a single administrative document

Since the establishment of the Community Customs Code, simplified customs procedures have been introduced to facilitate trade for European importers and exporters. Simplified procedures means that checks can be carried out at the locations most convenient for traders at the most opportune point in the logistical process.

Customs services in the EU play a dual role: Customs officers still act as collectors of customs levying import duties and taxes, but they also work with border checks to guarantee the safety and security of European citizens.

Swedish Customs has wide ranging international involvement in trade issues, not least within the EU. The purpose is to simplify the rules and legislation applicable to trade and this is primarily done through various committees in the EU Commission, addressing subjects such as trade and tariffs.

**The EU Customs Union means:**

- No customs duties at internal borders between the EU Member states
- Common customs duties on imports from outside the EU
- Common rules of origin for products from outside the EU
- A common definition of Customs value

### **E-customs and the modernisation of the Community Customs Code**

Within the EU an ambitious development process is occurring, called e-customs or electronic customs, with the vision that the EU shall become the world

leading trade operator by year 2013. The objective is to simplify and modernise the Community Customs Code and common customs legislation to facilitate trade and increase the competitiveness of EU business. The modernisation is carried out within the framework of e-customs with an aim of having a paperless environment for customs and trade.

The European Commission has adopted two proposals<sup>24</sup> to modernise the Community Customs Code and to introduce an electronic, paper-free customs environment in the EU. The first proposal aims to simplify and streamline customs processes and procedures. The second proposal is designed to make Member states' electronic customs systems compatible with each other. In the future all administrative customs handling will thus be dealt with electronically. To harmonise the working procedures and ICT systems for 27 Member states is quite a challenge, where many different perspectives and interests need to be adjusted.

Swedish Customs plays an active part in the development of e-customs. For example the Swedish Customs work with a development project called, Customs Trade System (CTS), where development of processes, legislation and ICT systems are coordinated. The objective is to, in a broader perspective; make it possible for Sweden and Swedish Customs to achieve a number of effects and harmonise the work with the changes going on within the EU.

In this work a number of projects are carried out, for example:

- ECS, Export Control System
- AES, Automated Export System
- AIS, Automated Import System
- AEO, Authorized Economic Operator
- EMCS, Excise Movement Control System
- Risk Management Framework

## **9.2 Cooperation between customs in the Baltic Region**

The Nordic countries have a long shared history, shared cultural traditions, shared geography and the cooperation has been deeply rooted for centuries. It is also in this neighbouring region, where some of Sweden's most important trade partners are found.

<sup>24</sup> The two European Commission's proposals: COM/2005/608 and COM/2005/609.

Figure 9.2 Map of the Baltic Region



### Border agency cooperation between Sweden and Norway

The border agency cooperation between Sweden and Norway is unique and is based on the concept of division of labour. The national border authorities of both countries are allowed to provide services and exercise legal powers on behalf of their neighbouring states. This means that checks and formalities are carried out on a single spot, where the customs authorities of one of the countries may control the implementation of customs provisions, import and export provisions etc on behalf of the customs authorities of one of the other countries involved. When goods are exported from Sweden to Norway, a customs office in any of the two countries may take care of the paperwork related to the export from Norway. This is also the case when goods are imported into Sweden.

### Practical aspects of the Border Cooperation Agreements

These two Nordic countries share long mutual borders; 1630 km between Norway and Sweden. These borders areas have very low density of population and traffic and are difficult to access due to extensive areas of mountains and forests. It therefore makes sense to share the burden of managing these borders and facilitate the border-crossing for the trading companies.

The Border Cooperation Agreement between Norway and Sweden was established in 1959, after a three-year trial period. Over the years, the scope of the border cooperation has extended its scope

to include customs clearance and providing services to traders and other economic operators. A control zone has been established on both sides of the border. Within the control zones, customs officers from Sweden may carry out controls as far as 15 kilometres from the border into Norway and vice versa.

In 1995, Sweden joined the European Union (EU). The cooperation carried on as before and an additional agreement on customs cooperation with the EU allowing supervision and audits by the European Commission was signed in 1997<sup>25</sup>. This was done through an Exchange of Letters between the European Community and the Kingdom of Norway.

Customs officers from both countries convene regularly to be updated on the respective rules and regulations, and joint seminars are held for the customs officers at the border. The Director Generals of Customs hold meetings at least once a year.

The participating countries are expected to promote the use of simplified procedures, data processing and transmission techniques. To further simplify the border crossing, where several agencies might be involved, the countries are encouraged to delegate authority to one agency (preferably customs) at the border.

### Results

The rationale behind the border cooperation is to save time, money and human resources both for the border authorities and the economic operators.

The total resources at the borders are applied more efficiently in the two countries and relevant information is available for the customs authorities on both sides of the border at the same time.

For the economic operators, the trade flow is more rapid when they only have to stop once at the border and the costs related to customs clearance and transport are reduced.

Border cooperation also allows for far-reaching trade facilitation. For instance, a procedure is implemented between Sweden and Norway, where the preliminary customs declaration is submitted through an automatically sent text message from the driver's cell phone, using geographical positioning.

A Norwegian study from 1997 has approximated the costs of the investment for Norwegian Customs. The study was made to see what the consequences could have been in case the EU would not have

<sup>25</sup> Agreement on customs cooperation between the European Community and the Kingdom of Norway, see EC Official Journal L 105, 233/04/1997 p. 0017-0020.

approved the cooperation agreement in 1995. According to this study the Norwegian customs would have needed the following investments in order to maintain the same service level:

- 10 new customs offices
- 100 new customs employees
- Additional costs for new buildings, salaries etc are approximated to USD 16 million (50% as a one-time investment and 50% in annual costs)
- USD 39 million in additional annual costs for the economic operators mainly due to longer waiting hours and double stops at the border

### **The Green Corridor – cooperation between customs authorities in Finland, Russia and Sweden<sup>26</sup>**

In 2001 negotiations were initiated between the customs administrations of Sweden, Finland and Russia. This regional cooperation project was called the Green Corridor and the main purpose was to give authorised European companies a faster border passage to Russia and try to solve the problems of cumbersome traffic at the border and environmental pollution as well as demanding time and high costs, as well as hampering trade-flow. For Russia the main benefit of this cooperation would be to guarantee that correct customs duties would be paid.

The Green Corridor would offer quicker border passages for authorised traders. The border passage to Russia for these quality-assured companies would not take more than one hour to administer and compared with the normal situation, this meant considerable time gains.

At the Russian border the Swedish and Finnish authorised companies would be allotted a separate lane and specially appointed Russian Customs officers would handle their customs matters. The transports in the Green Corridor would also be exempted from running controls under way by the Russian Traffic Inspection Authority.

The Green Corridor was established in 2003. A working group with customs staff from all three countries gathered every second or third month to discuss how the cooperation best could be achieved. One additional working group was formed with the aim of solving the technical problems. This was a well functioning cooperation during a 2 year period. The cooperation was based on the accreditation of customs processes and a fully electronic chain

of information, starting with the Swedish trader and ending with the Russian customs officers at the point of entry.

Via the Internet, Russian Customs had access to the trader's customs declaration and it could thus better plan and perform control measures. This would enable mutual risk analyses and ensure that control measures would be performed only when high risk was perceived. Special measures would ensure the authenticity of submitted information and electronic signatures would guarantee consistency from consignor to consignee. Electronic sharing of information would help customs officials manage processes with greater speed and at reduced cost.

An approved Swedish trader joining the Green Corridor would enjoy a release time of a maximum of two hours when entering Russian territory. This would be a lead-time reduction of more than 97 percent, something that would give Green Corridor members a significant advantage.

However, the Green Corridor was dissolved at the end of 2007 for various reasons. Mainly because the EU (where both Sweden and Finland are member states) started a similar cooperation project with Russia, called "Speed" and thus to avoid conflict in regulations. Furthermore, the problems with the traffic jam were never solved, and the ambitions to reduce the exhaust fumes and deal with environmental issues never succeeded. Swedish traders lost their interest in the project since they could not see the benefits.

**Figure 9.3 Photo taken from no-man's-land between the borders of Finland (Vaalimaa) and Russia (Torfyanovka)**



Source: Swedish Customs 2007

<sup>26</sup> The following draws upon interviews with Bengt Almqvist and Mats Wicktor, Swedish Customs, Sep 2008.

## Annex 1: List of the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) recommendations

- N° 1 United Nations Layout Key for Trade Documents
- N° 2 Location of Codes in Trade Documents
- N° 3 ISO Country Code: Code for Representation of Names of Countries
- N° 4 National Trade Facilitation Organs: Arrangements at the National Level to Coordinate Work on Facilitation of Trade Procedures
- N° 5 Abbreviations of INCOTERMS: Alphabetic Code 2000
- N° 6 Aligned Invoice Layout Key for International Trade
- N° 7 Numerical Representation of Dates, Time and Periods of Time
- N° 8 Unique Identification Code Methodology – UNIC
- N° 9 Alphabetic Code for the Representation of Currencies
- N° 10 Codes for the Identification of Ships
- N° 11 Documentary Aspects of the International Transport of Dangerous Goods
- N° 12 Measures to Facilitate Maritime Transport Documents Procedures
- N° 13 Facilitation of Identified Legal Problems in Import Clearance Procedures
- N° 14 Authentication of Trade Documents by Means Other Than Signature
- N° 15 Simpler Shipping Marks
- N° 16 UN/LOCODE: Code for Trade and Transport Locations
- N° 17 PAYTERMS: Abbreviations for Terms of Payment
- N° 18 Facilitation Measures Related to International Trade Procedures
- N° 19 Codes for Modes of Transport
- N° 20 Codes for Units of Measure Used in International Trade
- N° 21 Codes for Types of Cargo, Packages and Packaging Materials
- N° 22 Layout Key for Standard Consignment Instructions
- N° 23 Freight Cost Code – FCC: Harmonization of the Description of Freight Costs and Other Charges
- N° 24 Trade and Transport Status Codes
- N° 25 Use of the United Nations Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT)
- N° 26 Commercial Use of Interchange Agreements for Electronic Data Interchange (EDI)
- N° 27 Pre-shipment Inspection
- N° 28 Codes for Types of Means of Transport
- N° 29 Codes for Types of Cargo
- N° 30 Harmonized Commodity Description and Coding System for the Dociing of Goods and Commodities
- N° 31 Electronic Commerce Agreement
- N° 32 E-Commerce Self-Regulatory Instruments (Codes of Conduct)
- N° 33 Recommendation and Guidelines on Establishing a Single Window

## Annex 2: World Trade Organization (WTO) trade facilitation negotiations: Summary of the measures proposed

Below we will give a short introduction to the measures proposed in the WTO trade facilitation negotiations. This annex reflects the state of play in the negotiation in August 2008. The final content of an Agreement on Trade Facilitation will be decided by the WTO member in the negotiations.

In this presentation we following the outline used in the compilation of all proposals made by the WTO Secretariat (see WTO document TN/TF/W/43/Revision for the complete compilation)

### **A. Publication and availability of information**

Transparency is key issue in the WTO. Countries should make their trade regulations easily available to traders. This means that there should be officially designated sources of information to which traders should have access in a non-discriminatory manner.

#### **Measures**

- Publication of trade regulations and penalty provisions
- Internet publication
- Notification of trade regulations
- Establishment of enquiry points

### **B. Time periods between publication and implementation**

Countries should ensure that a reasonable time is left between the publication of new or amended trade regulations and their entry into force. Such a time period would enable traders to become acquainted with the new rules and well prepared for compliance with them.

#### **Measures:**

- Interval between publication and entry into force

### **C. Consultation and commenting on new and amended rules**

Countries should consult with traders; both through regular consultations between border agencies and traders and give them the possibility to comment on new or amended rules. These consultation mechanisms can help the government avoid excessive regulations that are not tailored to the needs of businesses.

#### **Measures:**

- Prior consultations and commenting on new and amended rules
- Information on policy objectives sought

### **D. Advance rulings**

Advance ruling give traders predictability by offering legal certainty with respect to the application of customs legislation. The scope of advance rulings has yet to be decided but it has been suggested countries should offer advance rulings should on tariff classification, duty drawback and customs valuation. The WTO Agreement on Rules of Origin includes provision for advance rulings on origin.

#### **Measures:**

- Provision of advance rulings.

### **E. Appeals procedures**

Countries should have an appeal mechanism for reviewing and correcting administrative actions related to customs and border matters.

#### **Measures:**

- Right of appeal
- Release of good in event of an appeal

### **F. Other measures to measures to enhance impartiality and non-discrimination**

Countries should ensure consistency and predictability in the administration of rules and procedure. This is a particular challenge in large, federal countries or customs unions. For traders this is a key issue since uncertainty in trade operation quickly translates into additional costs.

Measures to strengthen the integrity of officials at agencies involved in importation and exportation and inhibit corruption are also included under this heading.

#### **Measures:**

- Uniform administration of trade regulations
- Establishment of a code of conduct
- Computerized system to reduce/eliminate discretion
- Appointment of staff for education and training

### **G. Fees and charges connected with importation and exportation**

The WTO negotiations propose to lay down some principles for fees and charges connected to importation and exportation with the aim of reducing their number and diversity.

#### **Measures:**

- Specific parameter for fees and charges
- Publication of fees and charges
- Prohibition of collection on unpublished fees and charges
- Periodic review of fees and charges
- Automated payment
- Reduction/minimization of the number and diversity of fees and charges.

### **H. Formalities connected with importation and exportation**

A whole range of measures have been proposed to make import and export formalities as least trade restrictive as possible, while ensuring that countries' legitimate control objective are fulfilled.

#### **Measures:**

- Non-discrimination
- Periodic review of formalities and requirements
- Reduction/limitation of formalities and documentary requirements
- Use of international standards
- Uniform customs code
- Acceptance of commercially available copies
- Automation
- Single Window
- Elimination of Pre-Shipment inspections
- Phasing out mandatory use of customs brokers

### **I. Consularization**

Countries should discontinue the practices of levying “consular fees” and “consular invoices” and the like.

#### **Measures:**

- Prohibition of consular transaction requirement

### **J. Border agency cooperation**

Agencies at the border should cooperate and coordinate in order to facilitate trade. Within a country this would mean converging import and export data and documentation requirements and establishing a single location for one-time documentary and physical verification.

Border agencies in neighbouring countries should also endeavour to cooperate, e.g. by aligning opening hours and sharing customs facilities.

#### **Measures:**

- Coordination of activities and requirements of all border agencies.

### **K. Release and clearance of goods**

A range of measures proposed to simplify and expedite the release and clearance of goods.

#### **Measures:**

- Pre-arrival clearance
- Expedited measures for express shipments
- Risk management and authorised trader schemes
- Post-clearance audits
- Separating release from clearance procedures
- Establishment and publication of average release and clearance times

## **L. Tariff classification**

Countries should apply an objective criteria for tariff classification of goods.

### **Measure:**

- Objective criteria for tariff classification

## **M. Matters related to goods in transit**

Land-locked countries have a particular stake in the WTO Trade Facilitation negotiations. These countries depend on their neighboring countries for transit of much of their export and import. Land-locked countries are experiencing problems which hamper their possibility for international trade such as: lack of information regarding the rules in transit countries, high and discriminatory fees, administrative requirements that are non-standardised and unreasonably complicated, restrictions on transportations. The measures proposed for clearer rules on transit in the WTO would benefit these countries.

### **Measures:**

- Strengthening non-discrimination
- Disciplines on fees and charges (including publication, periodic review and more effective disciplines)
- Disciplines on transit formalities and documentary requirements (including publication, periodic review, harmonization and promotion of regional transit arrangements)
- Improved coordination and cooperation amongst authorities and also with the private sector.
- Operationalization and clarification of terms in GATT Article V (Freedom of Transit)

## **Customs cooperation**

The proposal suggests a mechanism for exchanging information between customs administrations regarding data elements contained in the export and import declaration (such as customs valuation, HS classification, origin of goods etc). A request of information from one country to another would be made in cases where the import country has reason to doubt the truth or accuracy of information provided by a trader in support of the declared value of imported goods.

## Annex 3: A selection of Swedish ministries, government agencies and organisations working with trade facilitation

**Ministry for Foreign Affairs:** A priority task for the Foreign Ministry is to promote trade, investment and Sweden in general. The aim is to encourage exports, imports and foreign investments in Sweden and to create a strong image of Sweden abroad. The Department for Promotion and the Internal Market (FIM) is responsible and cooperates with the Geographical Departments. The Department for International Trade (IH) is responsible for trade policy. The Ministry for Foreign Affairs is represented in the Swedish Trade Procedures Council, SWEPRO. ([www.ud.se](http://www.ud.se))

**National Board of Trade:** This Swedish governmental agency deals with foreign trade and trade policy. The Board provides the Government with analyses and recommendations in any trade policy matter. The Swedish Trade Procedures Council, SWEPRO, is administered by the National Board of Trade. The Board is also a partner in the SOLVIT network, which connects governmental agencies across Europe in order to help companies and individuals caught between differing regulatory systems. *Open Trade Gate Sweden, OTGS*, forms a part of the Board and is a one stop information centre for exporters in developing countries ([www.kommers.se](http://www.kommers.se))

**Swedish Trade Council:** An important resource for all Swedish companies wishing to boost their business development. The Council has extensive experience in international business development and employ 500 people in over 40 countries. It is jointly owned by the Government and the business sector with a turnover of SEK 500 million. The Swedish Trade Council is represented in SWEPRO. ([www.swedishtrade.se](http://www.swedishtrade.se))

**Swedish Trade Federation:** The main private organisation in Sweden for importers, wholesalers and retailers. The Federation has 13,500 member companies representing a total of 20,000 workplaces. The Federation offers its members legal services, distributes market information and analysis,

provides training and consulting services as well as bank contacts. The Federation furthermore provides qualified services in import related matters, assists in establishing commercial contacts and promotes imports in various ways. The Swedish Trade Federation is represented in SWEPRO. ([www.svenskhandel.se](http://www.svenskhandel.se))

**Swedish Customs:** A governmental agency that controls the flow of goods in and out of Sweden. Swedish Customs ensure competitive neutrality in trade and contribute to a safe and secure society by simplifying flows that are legal, preventing illegal goods. The Customs collect customs duties, tax and other charges and can provide information on what rules apply when you trade in or with other countries outside the EU. Swedish Customs is represented in SWEPRO. ([www.tullverket.se](http://www.tullverket.se))

**Swedish Board of Agriculture:** The Government's expert authority in the field of agricultural and food policy is responsible for the sectors including agriculture, horticulture and reindeer husbandry. Its responsibility includes monitoring, analysing and reporting to the Government on developments in these areas, and implementing policy decisions within its designated field of activities. ([www.sjv.se](http://www.sjv.se))

**International Chamber of Commerce Sweden (ICC Sweden):** ICC is the world business organisation, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. ICC Sweden is one of the most active committees within this global organisation. It was formed in 1921, just two years after the foundation of ICC. ICC Sweden is governed by a Board of Directors comprising 30 representatives from different sectors of Swedish business. Some 200 experts from companies and business organisations participate in 16 reference groups formulating the Swedish position on ICC issues. ICC Sweden is represented in SWEPRO. ([www.icc.se](http://www.icc.se))



**Swedish Chambers of Commerce:** The Association of Swedish Chambers of Commerce is the national organisation and network for regional chambers, all uniquely positioned at the heart of every business community in Sweden. They are important links for contacts and networking on regional, national and international levels. The trade promotion programme of the Swedish Chambers provides assistance to exporters from developing countries. ([www.cci.se](http://www.cci.se) , [www.cci.se/trade](http://www.cci.se/trade))

**The Swedish eBusiness Network, NEA:** NEA is a member organisation for companies, governmental agencies and organisations. NEA's mission is to make electronic business effective for companies. NEA harmonise the use of and create standards for electronic businesses. NEA is represented in SWEPRO. ([www.nea.nu](http://www.nea.nu))

**The Swedish International Freight Association, SIFA:** The major representative of the freight forwarding and goods transport industry in Sweden. SIFA is a consultant on a number of subjects by Government and industry-related organisations and it has influence on political decisions and policies, both on a national and EU level, regarding e.g. infrastructure, taxation and the legal framework affecting the industry. SIFA's objective is to make sure that the views of its members are properly presented. SIFA is represented in SWEPRO. ([www.swedfreight.se](http://www.swedfreight.se))

**Swedish Association of Local Authorities and Regions, SALAR:** An employer's organisation that represents the governmental, professional and employer-related interests of Sweden's municipalities, county councils and regions. SALAR's mission is to provide municipalities, county councils and regions with better conditions for local and regional self-government. SALAR looks after the interests of and offers support to its members and raises issues, acts decisively and enlightens public opinion. SALAR is represented in SWEPRO. ([www.skl.se](http://www.skl.se))

**The Swedish Bankers' Association:** The Association represents banks in Sweden and disseminates information about the banks and their position in society. The member companies are banks as well as finance companies and mortgage credit institutions within the banking groups. The Association represents the member companies to authorities and organisations in Sweden as well as in international matters. The Swedish Bankers' Association is represented in SWEPRO. ([www.bankforeningen.se](http://www.bankforeningen.se))

## Further readings

### About trade facilitation

#### **The Global facilitation Partnership for Transport and Trade (GFPTT):**

The GFPTT has a large database of reference readings: [www.gfptt.org](http://www.gfptt.org)

#### **National Board of Trade**

National Board of Trade (2003) *"Trade Facilitation from a Developing Country Perspective"*

National Board of Trade (2002) *"Trade Facilitation – Impact and Potential Gains"*

#### **The Organisation for Economic Cooperation and Development, OECD**

OECD has a long experience working with estimations on gains and benefits related to trade facilitation:

OECD, Policy Brief, *"The Costs and Benefits of Trade Facilitation"*, oct 2005.

OECD, Policy Brief *"Trade Facilitation: The Benefits of simpler, more transparent Border Procedures"*, Aug 2003

OECD, Policy Brief: *"The costs and benefits of trade facilitation"*, 2005

### International standards and instruments

#### **United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT)**

[www.uncefact.org](http://www.uncefact.org)

The full versions of the UN/CEFACT recommendations, along with their associated guidelines and code lists are available, free of charge, at the following website: [www.unece.org/cefact/](http://www.unece.org/cefact/)

#### **United Nations Centre for Trade and Development (UNCTAD)**

[www.unctad.org](http://www.unctad.org)

Information on ASYCUDA, the customs management system developed by UNCTAD: [www.asycuda.org](http://www.asycuda.org)

#### **World Customs Organization (WCO)**

[www.wcoomd.org](http://www.wcoomd.org)

#### **World Trade Organization (WTO)**

[www.wto.org](http://www.wto.org)

Three reference readings on the on-going WTO trade facilitation negotiations:

UNCTAD (2006) *"Trade Facilitation Handbook Part II Technical Notes on Essential Trade Facilitation Measures"*. The handbook includes technical notes on the most important trade facilitation measures that countries should consider when reforming their trade, transport and customs operations to meet their commitments in the WTO negotiations.

WCO (2005) *"Self-assessment checklist for GATT Articles V, VIII and X"* (WTO reference: TN/TF/W/16). The WCO self-assessment checklists provide a simple snapshot of the Customs systems relative to the three GATT Articles in the WTO negotiations and may be used to assist Customs Administrations to judge to what extent they conform with WCO instruments and best practices pertinent to the provisions of these three articles.

*The WTO Secretariat with assistance from the World Bank and other Annex D organization. (2008) have created the project "WTO negotiations on trade facilitation – Self-assessment guide" (TN/TF/W/143/REV). A guide to assist developing and least-developed Members to assess their technical assistance and capacity building support needs and priorities to implement Members' proposals on how to clarify and improve GATT Articles V, VIII and X. Will be continuously updated to reflect the advancements in the negotiations. This project is financed by individual countries.*

## About Sweden

### Information on Sweden

Swedish Institute: [www.si.se](http://www.si.se)

Official Gateway to Sweden: [www.sweden.se](http://www.sweden.se)

Government Offices: [www.regeringen.se](http://www.regeringen.se)

Swedish Customs (2008) *"Introducing the Swedish Customs"*: [www.tullverket.se](http://www.tullverket.se)

### Swedish trade policy:

Swedish Government: [www.regeringen.se](http://www.regeringen.se)

National Board of Trade: [www.kommers.se](http://www.kommers.se)

Swedish Ministry for Foreign Affairs: [www.ud.se](http://www.ud.se)

### Swedish Institutional System:

The Swedish Government at Work, Government Offices of Sweden, 2007

### E-government

[www.europa.eu.int/information\\_society/activities/egovernment\\_research](http://www.europa.eu.int/information_society/activities/egovernment_research)

## Public-Private dialogue

### The Government's dialogue with governmental agencies and the business community

[www.regeringen.se](http://www.regeringen.se)

### The three Joint Customs Committees

[www.tullverket.se](http://www.tullverket.se)

### Public-private dialogue on E-business

[www.nea.nu](http://www.nea.nu)

## Trade Facilitation bodies

### Sweden's Trade Procedures Council – SWEPRO

[www.swepro.org](http://www.swepro.org)

## Reference reading on trade facilitation bodies

UN/CEFACT (2001) *Recommendation No 4: National Trade Facilitation Bodies* and (2000) *Guideline to recommendation No. 4*. The first recommendation on national trade facilitation bodies was issued in 1974. It was updated in 2001. The complementary guidelines to the recommendation offers practical advice on how to set up a national trade facilitation body and make it work.

UNCTAD (2006) *Trade Facilitation Handbook Part I National Facilitation Bodies: Lessons from Experience*. The handbook intends to guide users in creating the institutional structures for processing trade facilitation measures. It includes case studies from Albania, Nepal and Pakistan.

World Bank (2005) *WTO Trade Facilitation Negotiations Support Guide*. The guide is designed to provide options for establishing a communication and consultation mechanism to support the WTO Trade Facilitation negotiations process. These kinds of consultations mechanisms are useful also in other situations with complex international negotiations, e.g. free trade agreements.

## Trade related enquiry points

### Call Customs

[www.tullverket.se](http://www.tullverket.se)

### Open Trade Gate Sweden (OTGS)

[www.opentradegate.se](http://www.opentradegate.se)

### Solvit

[www.solvit.se](http://www.solvit.se)  
[http://ec.europa.eu/solvit/site/about/index\\_en.htm](http://ec.europa.eu/solvit/site/about/index_en.htm)

### EU Export Helpdesk

[www.exporthelp.europa.eu](http://www.exporthelp.europa.eu)

### UNCTAD's view of national enquiry points

*"National Enquiry Points"* – UNCTAD Trust Fund for Trade Facilitation Negotiations Technical Note No 6

## **Authorised trader and risk management**

### **Sweden**

Lars Karlsson (2005). *The Stairway® – Management of an Authorised Secure Global Supply Chain – Capacity Building for a Customs Environment in a Changing World.*

### **EU**

*Regulation (EC) No 648/2005* of the European Parliament and of the Council of 13 April 2005 amending *Council Regulation (EEC) No 2913/92* establishing the Community Customs Code.

### **WCO**

*WCO SAFE Framework of Standards.*

## **Overview of supply chain security initiatives**

National Board of Trade, Stockholm (2008). *Supply Chain Security Initiatives: A Trade Facilitation Perspective.*

## **Cooperation among border agencies – Single Window**

### **UN/CEFACT**

UN/CEFACT (2006). *Case Studies on Implementing a Single Window to enhance the efficient exchange of information between trade and government.*

## **Regional Cooperation**

### **EU Customs Union**

[ec.europa.eu/taxation\\_customs](http://ec.europa.eu/taxation_customs)

### **Electronic customs**

The two European Commission's proposals:  
COM/2005/608 and COM/2005/609

### **About customs cooperation between the EU & Norway**

*Agreement on customs cooperation between the European Community and the Kingdom of Norway:* EC Official Journal L 105, 133/04/1997 p.0017-0020

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- European Commission's proposal: COM/2005/609 (2005)
- European Council Regulation (EEC) No 2913/92 establishing the Community Customs Code (1992)
- European Parliament and European Council Regulation (EC) No 648/2005, April 13, 2005
- Government Offices of Sweden, "The Swedish Government at work", Art.Nr IR 2008:001, 2008
- Kleen P. So alike and yet so different: A comparison of the Uruguay Round and the Doha Round, ECIPE Jan Tumlrir Policy Essay No. 02/2008 p.15 (2008)
- National Board of Trade, Stockholm, "Supply Chain Security Initiatives: A Trade Facilitation Perspective" Sweden, 2008
- National Board of Trade, "What is Trade Facilitation? – Basic concepts and benefits", Sweden, 2005
- National Board of Trade: "Trade Facilitation from a Developing Country Perspective", Sweden, 2003
- OECD, Policy Brief, "The Costs and Benefits of Trade Facilitation", Oct 2005
- OECD, Policy Brief "Trade Facilitation: The Benefits of simpler, more transparent Border Procedures", Aug 2003
- OECD Policy Brief: "The costs and benefits of trade facilitation", 2005
- Sandebring "Samverkan i organisation eller nätverk? Fallen elektroniska affärer och elberedskap" KBM:s temaserie 2005:9 (2005)
- Swedish Administrative Development Agency "Ökad användning av offentlig elektronisk handel" Verva 2007:4 (2007)
- UNCTAD. 'National Enquiry Points' UNCTAD Trust Fund for Trade Facilitation Negotiations Technical Note No.6 (2006)
- UN/CEFACT. Case Studies on Implementing a Single Window to enhance the efficient exchange of information between trade and government (2006)
- WTO, World Trade Report 2008
- WTO, General Council's decision on the Doha Agenda work program, Annex D Modalities for Negotiations on Trade Facilitation (2004)

### **Web documents and websites**

Benefits of Trade Facilitation: [www.wcoomd.org](http://www.wcoomd.org)

E-government: [www.regeringen.se/finans](http://www.regeringen.se/finans), Skr. 2004/05:48

E-government: [www.customs-vip.info/eGov/](http://www.customs-vip.info/eGov/)

EUs external trade: [www.ec.europa.eu/trade/issues](http://www.ec.europa.eu/trade/issues)

Swedish Customs: [www.tullverket.se](http://www.tullverket.se)

Swedish government's reference group for external trade issues: [www.regeringen.se/sb/d/10201/a/97007](http://www.regeringen.se/sb/d/10201/a/97007)

Swedish Institute: [www.si.se](http://www.si.se)

UN/CEFACT secretariat publication 2007: [www.uncefact.org](http://www.uncefact.org)

### **Interviews**

Bengt Almqvist, Business Developer, Swedish Customs, September 2008

Hans Flykt, National Board of Trade, September 2008

Peter Fredholm, Fredholm Consulting, March 2007

Lotta Hammarström, Call Customs, Swedish Customs, June 2008

Sören Lennartsson, Swedish Association of Local Authorities and Regions, March 2007

Bo Svensson, the Swedish Trade Federation, August 2007

Bodil Taylor, Chief Executive at Customs Information, June 2008

Gunnel Westman, the Swedish Trade Federation, September 2008

Mats Wicktor, Deputy Director, Managing the Trade, Swedish Customs, September 2008





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