

## Trust Fund for Trade Facilitation Negotiations<sup>1</sup> Technical Note No. 9

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# Documentation Requirements in Maritime Transport

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### The measure in the WTO context

Article VIII:1(c) of GATT (Fees and Formalities connected with Importation and Exportation) recognizes “the need for minimizing the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements”.

Proposals related to the clarification and improvement of Article VIII consider simplifying and reducing to the necessary minimum import and export formalities, documentation and data requirements, particularly through the use of international standards. The WTO reference document for this topic is TN/TF/W/43 (latest revisions) under “Formalities Connected with Importation and Exportation”.

### Background

Local and central authorities have always applied complex sets of regulations for shipping, including on Customs, (im)migration, health, narcotic drugs, quarantine, environmental conservation, and security, many of them independently of each other. Therefore, a ship visiting several countries could be requested while *en route* to fill in numerous forms that vary from port to port and often require the same information. This results in ships and cargo being delayed, and consequently, expensive equipment and man-hours are wasted. When comparing documentation requirements and procedures in international shipping with those in the international airline industry, the latter distinctly requires fewer documents.

To prevent unnecessary delays in maritime traffic, the member countries of the International Maritime Organization (IMO) adopted in 1965 the Convention on Facilitation of International Maritime Traffic (IMO-FAL). IMO is the UN specialized agency responsible for promoting the adoption of the highest practicable standards to ensure safe and efficient shipping. Its Facilitation Committee seeks to prevent unnecessary delays in maritime traffic and to promote uniformity in port formalities and other procedures. The Convention, together with its amendments, limits to nine the number of required declarations:

- IMO General Declaration;
- Cargo Declaration;
- Ship’s Stores Declaration;
- Crew’s Effects Declaration;
- Crew List;
- Passenger List;

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- Dangerous Goods Manifest;
- Declaration required under the Universal Postal Convention; and
- Declaration required by international health regulations.

These declarations are currently under review and adapted for electronic transmission.

Apart from documentation requirements, the duration of the total maritime journey can also be prolonged by cumulative delays in the clearance of ships in intermediate ports of call for a variety of reasons including security (e.g. illicit traffic of narcotic drugs, arms, toxic wastes; stowaways, persons rescued at sea, illegal migrants, piracy or armed robbery); substandard conditions of the ship or its crew (by Port State Control); discharge of ship residues in ports; or weather and sea conditions.

In addition, maritime facilitation efforts attempt to achieve a fully electronic clearance of ships and cargo, mainly through pre-arrival electronic messaging.

## **Benefits and costs**

### *Benefits*

The implementation of maritime facilitation measures is an important contribution to the overall effort of streamlining and harmonizing trade-related regulations and practices. It also facilitates the publication of trade regulations as required by Article X of GATT, by reducing the number and size of texts. The positive impact of these measures which can result in reduced trade transaction costs include:

- Quick turn-around and cost savings due to a standardized system for clearing ships including a simple and fast completion of clearance documents based on electronic information transmitted prior to the arrival of the ship;
- FAL-forms which minimize language difficulties, are easy to understand by shipmasters and to check by authorities, and can be used for electronic transmission of information and automatic data processing;
- Reduced administrative burden and a more effective intervention of government personnel mainly achieved through the elimination of non-essential documents and information requirements;
- Less exposure to the risk of theft or damage of cargo awaiting shipment or collection in ports due to shorter waiting times;
- Easier and facilitated responses to security, safety and environmental concerns which help reduce inconveniences and possible resulting delays of ships and cargo.

### *Costs*

The implementation of IMO-FAL will generate costs mainly related to the review of current national shipping documents and their alignment with IMO-FAL standard documents. The development of the necessary IT infrastructure including connectivity may involve additional costs. Also, staff needs to be trained in the implementation of the described facilitation measures, the use of the new maritime documents and forms as well as their (advance) electronic transmission. Once the system is in place, no more recurrent costs should occur, apart from minor maintenance and communication charges.

The revision of maritime measures, their implementation and the resulting costs are all part of the overall trade facilitation effort of a country. They concern all government agencies involved in trade procedures and formalities. Therefore, expenditures for government agency coordination in ports, optimization of port services and procedures, implementation of Single Window concepts in ports, inspection of ships based on risk management techniques, special treatment for law-abiding maritime operators, publication of trade-related maritime regulations (including on port and ship security), should be considered part of the total costs linked to a more general trade facilitation reform.

## **Implementation issues**

The following factors are essential for the implementation of the FAL Convention:

- Political will and a commitment to implement and enforce the FAL Convention through national regulatory frameworks;
- Coordination and information sharing between the various national institutions involved (creating the National FAL Commission, harmonization of inspections, partnerships, sharing of premises, and the inclusion of FAL forms in the Single Window concept);
- Involvement of the private sector (commercial and transport operators);
- Close monitoring of ongoing work in IMO related to the development of Message Implementation Guidelines (MIG) for electronic information exchange on all IMO-FAL forms and of a 'Uniform ship's pre-arrival electronic message for the transmission of security-related information';
- Strengthening the trade information centre (TIC) capacities of the government agency acting as Single Window (if linked to FAL), and ensuring sufficient hardware, software, broadband connection, Intranet and Internet exchanges, and system operators;
- Training staff in the use of FAL forms, the electronic transmission of information, webpage management, detecting illicit traffic, ship inspections, etc. In support of such training, IMO is preparing an explanatory Manual on the FAL Convention, to be published in 2008. Also, concerning the electronic transmission of FAL forms, the IMO Compendium on Facilitation and Electronic Business, 2001 edition (under revision) is a useful reference.

Some of these tasks are of an administrative nature, calling for skills available in most developing countries. Technical assistance might be required for the implementation of measures related to changes in national legislation, inter-institutional coordination and partnership, electronic management of information as well as trade facilitation and security aspects.

### *Local capacity to implement the measure*

IMO has carried out several expert missions and regional seminars on maritime facilitation. Some least-developed countries (LDCs) and regions may require additional training, in particular at the national level, both for creating awareness and for the implementation of the measures.

IMO is the proper entity to provide this expertise, but training may also have to integrate relevant aspects of WTO, UNCTAD, UN/CEFACT and WCO materials,

including standards, recommendations or best practices. Other international organisations, such as the World Bank, or regional and sub-regional development banks, might be involved for possible project fund allocation.

## References and tool available

### *International Maritime Organization*

Relevant documents include The Convention on Facilitation of International Maritime Traffic (FAL), 1965 (1998 edition). [www.imo.org/Conventions/mainframe.asp?topic\\_id=259&doc\\_id=684#12](http://www.imo.org/Conventions/mainframe.asp?topic_id=259&doc_id=684#12); For reports of the IMO Facilitation Committee (FAL 32/22, 25 July 2005, and previous ones, see, [www.imo.org/Newsroom/mainframe.asp?topic\\_id=146&doc\\_id=4468](http://www.imo.org/Newsroom/mainframe.asp?topic_id=146&doc_id=4468)); the *IMO Compendium on Facilitation and Electronic Business*, adopted by the IMO Facilitation Committee in November 2000 (FAL 5/15, 19 February 2001) currently amended to include more information on staff training and to align with UN/CEFACT and the WCO Framework of Standards to Secure and Facilitate Global Trade (2005) <http://maritimecompliance.com/search/imo+compendium+facilitation+eletronic+busine>

### *World Customs Organization (WCO)*

Relevant WCO instruments can be found at <http://www.wcoomd.org>

### *UNECE instruments*

Relevant UNECE instruments and specifically UN/CEFACT information can be found at [www.unece.org/cefact/](http://www.unece.org/cefact/)

### *European Commission, Directorate-General for Energy and Transport*

Information can be found at [http://ec.europa.eu/transport/maritime/sss/imo\\_fal\\_en.htm](http://ec.europa.eu/transport/maritime/sss/imo_fal_en.htm)

### *The Global Facilitation Partnership for Transportation and Trade (GFP)*

The Global Facilitation Partnership for Transportation and Trade (GFP) brings together the world's leading organizations and practitioners in trade and transport facilitation. It creates an open information and exchange platform on major new developments and all aspects of trade and transport facilitation. See [www.gfptt.org](http://www.gfptt.org), and more specifically [www.gfptt.org/topics/maritime](http://www.gfptt.org/topics/maritime)

### *UNCTAD*

The UNCTAD Review of Maritime Transport can be found at [www.unctad.org/rmt](http://www.unctad.org/rmt). Other reports are available via <http://r0.unctad.org/ttl>.

### *Further UNCTAD Technical Notes*

Further Technical Notes are available via <http://www.unctad.org/technicalnotes>. See in particular:

- Technical Note No. 1 (Publication of Trade Regulations and their Uniform Administration)
- Technical Note No. 3 (Use of Customs Automation Systems)
- Technical Note No. 13 (Simplification of Trade Documentation Using International Standards)
- Technical Note No. 15 (Pre-Arrival Customs Clearance)

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