

### **III: The Airline Industry: A Case Study**

# 9

## Customs Simplification: An International Airline Perspective

*Geoffrey Barrington*

### Introduction

The name of British Airways World Cargo is familiar to many. According to the last annual industry statistics, British Airways World Cargo is the fifth largest scheduled carrier of air cargo in the world, an achievement of which we are especially proud, given the fact that British Airways only operates with passenger-carrying aircraft.

How do we achieve it? The main reasons, among others, are:

- We manage our capacity very closely.
- We supplement our capacity with key partnerships where necessary to meet our customers' demands through our global route network, which is our key resource.

These demands also require us to listen to our customers and to support them in partnership. We recognize the importance of our role in the global supply chain.

## **Background**

In the early 1990s, we realized that we had to make significant changes in the way that we did business if we were to realize the increasing opportunities that would be available in the future. This realization became a vision, and we have spent the last three years turning that vision into a reality. At the top of the agenda was a major capital investment of US\$400 million in a new hub facility in London to handle over 800,000 tonnes a year. This investment has not been restricted to London. We have also invested across our entire global network to ensure that all our freight and documents are bar-coded, and we have established EDI links for all our customers. We are also building a new 90,000-sq. ft. temperature-controlled fresh-produce complex in London to handle 100,000 tonnes of perishable produce. This will double our capacity and current revenues of US\$72 million a year.

Our vision was not just about facilities, it was about people and cultures, together with a change in the way we did business and in the processes and procedures we had relied upon for several decades. Make no mistake: change is never easy and in a large organization it presents major challenges. As a business we had to rise to the challenges. Our shareholders demanded it, our customers required it, and, equally as important, our staff wanted it. We invested over 100,000 man-hours in training our staff over the last six months of 1998 alone. We have made the transition and are now starting to realize the benefits.

The sheer scope and speed of these changes are realities of the modern business climate and in some way, we feel, illustrate the increasing pressures on trade facilitation. This is not to suggest that the extent of the change in customs administrations and their procedures needs to be as great. We realize that the speed of change will always be faster in the modern business environment than in regulatory and control regimes.

However, given the speed of change, it would not be unrealistic to believe that customs procedures in ten years' time will be totally different from those of today and very much more streamlined. But beware: our business requirements will also have changed by that time. It is a step-change program that is already accelerating.

As a scheduled operator, we do, of course, have our own difficulties when moving our consumables, aircraft spares, and support equipment around the globe. We are also very aware of the complexities and differences in customs procedures. As a carrier primarily we are not directly involved with commercial cargo clearance and other inward-processing regimes. However, we do move goods under bond and operate customs-bonded warehouses. Furthermore, as carrier we are held liable under many customs procedures, especially in the event of inadvertent discrepancies. These discrepancies cost us real money.

It is not my intention to discuss the reasons behind the accelerating growth in world trade, other than to say that deregulation has positively encouraged air transportation and expanded it into new areas, not least of which is new entrants into the market. Despite deregulation, the industry still remains beset by regulatory control, often in the name of "consumer interests" or "consumer protection."

The growth in the trade of goods, however, is increasingly determined by the efficiency of customs processes. We should not forget the two fundamental roles of customs: revenue collection and protection of society.

In an address to the UNCTAD World Automated Systems for Customs Data Management (ASCYCUDA) meeting in Manila in the spring of 1998, the Secretary General of WCO referred to the balancing act of today's customs administrations, among "competing interests of revenue collection, trade facilitation, enforcement of trade instruments and the increasing demands for social and environmental protection."

The reduction or outright removal of trade barriers has

turned more of the focus onto protecting society. In international trade we recognize that protection does take account of other interests, such as cultural differences and the need for protection against transnational crime, especially the traffic in drugs, counterfeit goods, endangered species, nuclear and biological material, and money laundering. This protection, however, must not be seen as substituting one form of control for another, as it would further complicate and break up trade patterns and flows. The WCO has some 150 member states, nearly all of which have different sets of customs procedures. This in itself is a clear demonstration of the need for harmonization.

The current deficiencies of customs are the following:

- their interventionist nature;
- reliance on transaction-based controls;
- lack of transparency of procedures;
- issues of corruption and integrity;
- little or no redress for error;
- inadequate resources;
- low level of training;
- lack of cooperation; and
- outdated technology or even a total lack of automation.

The scene seems bleak worldwide, but increasingly we are becoming aware of customs administrations that are addressing these deficiencies. Through seminars such as the ASEM Seminar in February 1999 at the Asian Development Bank in Manila we hope to use our influence for change. It is not our intention to tell people how to do things, but to support them and to cooperate in reaching common goals.

## The Way Forward

*Customs integrity.* We look forward to the implementation of the 1993 WCO Declaration—Arusha Guidelines, which include simple, consistent, transparent customs procedures.

*Customs efficiency.* To operate efficiently, customs administrations worldwide will likewise require:

- modern legislation;
- service-based culture and service-level standards; and
- streamlined organization.

*Accession to international instruments.* More countries should accede to the instruments that have been developed internationally to simplify and harmonize customs transactions, such as those of the WCO:

- Harmonized Code System;
- Valuation Agreement;
- Nairobi Convention;
- Rules of Origin; and
- Kyoto Convention.

In fact, we should consider mandating WTO signatories to accede to the Kyoto Convention and to set aside any reservations and variations they may have.

*Convergence of controls.* This can be achieved through:

- seamless intervention by a single control agency;
- increased investment in modern technology for inspection and detection equipment;
- automation and eventual adoption of electronic data interchange
  - separate physical and fiscal controls,
  - paperless processing of air cargo transactions,

- standard data elements using standard data formats to enable
  - pre-arrival processing and release, and
  - post-entry clearance,
- risk management and selectivity programs for profiling and intelligence to develop inspection based on risk analysis,
- audit-based control, and
- accession to and implementation of the Montreal Protocol 4;
- new alliances between the public and private sectors through MOU and tripartite programs; and
- coordinated efforts on a national, regional, and global basis.

It would be remiss in this short presentation to overlook two very encouraging developments:

- the G7 initiative to simplify and harmonize customs procedures; and
- the international trade prototype being developed between the USA and the UK.

## **Consultation**

With our global hub operation based in London, it is essential to our business that we work as closely as possible with our own customs administration, as indeed we would with any other administration, as necessary. The result has been our ability to develop short-term solutions that facilitate our operations and to establish practical guidelines on new procedures necessary in an ever-developing business.

The UK has placed much emphasis on consultation, and UK Customs has an established and successful Joint Customs Consultative Committee that brings together customs and trade on a regular basis. Let me say from personal experience

that this committee does not always produce a consensus of opinion, but it has given all parties a fair opportunity to cooperate and to discuss issues in a genuine consultative forum.

Of major impact to the interests of both UK Customs and British Airways has been the success of the MOU on illegal drug control. The MOU has support from the very top of both organizations and is regularly reviewed by senior managers from Customs and BA. It has not changed the “law” but it has greatly facilitated our interface with Customs. The success of the MOU and the further development of the tripartite MOU agreements that are now being signed must not be understated.

As an international operator we are no strangers to the need for consultation and lobbying. Where possible, we work through industry associations at the national, regional, and international levels. We are active members of regional associations such as the AEA. Its EC Working Group in particular enables us to respond regularly to and work with the EC, in such activities as the current search for real solutions to the issues of transit reform in Europe. Globally, we are proactive within IATA, particularly its Cargo Facilitation Panel, which is currently developing air consignment guidelines.

Before closing, may I highlight a growing concern. There are too many overlapping bodies and organizations (WTO, UNECE, UNCTAD, UNCITRAL, IMO, ICAO, EC, APEC, NAFTA, ASEAN, WCO, OECD, IMF, and World Bank, to name a few) seemingly striving to be flag-bearers of facilitation and equally as many trade associations wanting to be heard.

## **Conclusion**

Let me conclude by raising the stakes a little higher. A key reason for the growth in procedural obstacles is “the lack of political will among governments to seek comprehensive solutions or to place simplification of procedures sufficiently

high on their domestic or international trade agendas.”<sup>1</sup> This statement does not come from the private sector but from the European Commission itself.

As a leading international carrier we are proud of having provided customs with the highest standards of assistance and cooperation, but we must now seek to ensure that real facilitation prizes go to the best compliance performers.

Trade will continue to grow, and the proportion carried by air is set to increase. Unless there is a coherent plan to modernize customs procedures worldwide, we must look at customs as inhibiting this growth. As an international carrier we are not willing to stand aside and let this happen, and will seek to take whatever action is appropriate to influence change. Individually we cannot influence the future growth in trade between Europe and Asia, but collectively we can facilitate the future. We must therefore examine every opportunity to simplify and harmonize procedures.

The demands are growing. We must move forward with firm resolve. We can form a partnership and that process must begin right now. Real facilitation is not a question of gains and concessions but the achievement of gains for all concerned. The fact that an estimated 2–10 percent of product costs are attributable to customs and other control regimes suggests that there is a multibillion-dollar reason for change.

For British Airways World Cargo real facilitation across our global business could increase our contribution to the profitability of British Airways by an estimated US\$120 million yearly. We are constantly challenged by change, and, like many others in our sector, we are only too willing to share with customs administrations the lessons and experience of such change. After all, we all have a very real interest in the outcome.

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<sup>1</sup> “Assessment of the Scope for WTO Rules in the Field of Import, Export and Customs Procedures,” EC DGI Document G/C/W/112, 22 September 1998.

# 10

## The Integrated Air Express Industry

*James Goh*

This paper presents the views of the Conference of Asia Pacific Express Carriers (CAPEC) on:

- the integrated air express industry and its development;
- customers of the integrated air express industry and their expectations in today's global market;
- risk management—the challenges and perspective of the integrated air express industry;
- customs administrations and the integrated air express industry
  - their role in today's global market,
  - shared responsibility and the importance of “strategic partnership,” and
  - convergence of objectives—balancing enforcement and facilitation;
- change management—the mind-set of customs administrations and the integrated air express industry; and
- the way forward—economic growth and the goals of trade liberalization and trade facilitation.

There is an important element of shared responsibility between customs administrations and the integrated air express industry. Strategic partnership, cooperation, consultation, and sharing of experiences and expertise between customs administrations and the industry can help achieve

and increase trade efficiency and community protection. Businesses can thus be helped to succeed and, ultimately, economies to prosper. However, in order for us to achieve this collectively, there must be change, just as the economic makeup of the world has changed over the past few years.

It has become commonplace to talk about change in the world today. Who would have predicted an economic crisis in Asia a few years ago? As the world economy continues to progress, change is inevitable. The language of economics today is the language of change and the language of the transnational corporations, of companies with global operations but a local perspective in each country. The ongoing change due to economic growth and development will affect customs administrations and the integrated air express industry and will continue to do so, a reality which some of the sunset industries still have not come to grips with.

### **The Integrated Air Express Industry**

For those who are not familiar with the integrated air express industry, a brief history may be interesting. From its humble origin in the late 1960s as the international air courier industry, the integrated air express business has evolved into competing with the traditional airfreight forwarders and, in some countries, even directly with the local postal authorities. Integrated air express carriers, unlike the traditional airfreight forwarders, offer door-to-door pickup and delivery, cross-border transportation, customs clearance, and delivery service to the entire spectrum of the commercial world and for almost any commodity.

Because speed, reliability, and value-added service are the hallmarks of an integrated air express carrier, there are size and value restrictions which vary from country to country. But generally, the integrated air express industry deals with the business requirements of the global market and its economic changes, within the permissible limits of regulatory

provisions, especially those of customs. The bulk of what we carry is still lightweight, a mix of documents and low-value merchandise. However, with the rapid change in the global market and with economic development, we are beginning to see that size, value, and commodity have also changed to reflect heavier weights with higher value.

How large the market for cross-border integrated air express business is, is anybody's guess. However, the combined revenue of the four founding members of CAPEC alone was in excess of US\$60 billion in 1998—300 million in units handled and 1.5 million tons in volume. And annual growth, in volume terms, is 20–45 percent, varying from country to country, a staggering quantity as far as customs is concerned.

The integrated air express business today is at takeoff time. The world has become smaller. Time and management techniques have become a key competitive edge for global customers. Delivery information has become as important as the delivery of the goods itself. Players in the industry are grappling with the challenge to provide product homogeneity and service flexibility across national and cultural boundaries. And the traditional segregation of the air transport industry between postal, air courier, and airfreight forwarders has lost its relevance. For example, components manufactured in one country today may be assembled into finished goods in a second country and then distributed to many markets worldwide.

For the past 30 years, the development of the integrated air express business was constrained by:

- poor communications infrastructure;
- visible and invisible barriers to trade;
- inability of customs to accept and manage change and quickly adapt procedures to keep up with economic change and technological development; and
- lack of understanding of the integrated air express business.

The results were:

- frequent, time-consuming, and costly delays at customs and ports of entry (for example, consignments could lie in customs longer than it took to transport them from one country to another);
- high demurrage charges; and
- costly downtime if plans were late, tenders missed deadlines, or replacement parts were not available.

An extremely important point which must be emphasized is that all the above extra charges will be passed on to the businesses, which means that the cost of doing business will increase, thereby affecting not only a nation's economic competitiveness but also its foreign investments.

The main problems were costly global telecommunications and customs administrations that were restrictive, enforcement-minded, and revenue-focused rather than dedicated to global trade facilitation. These obstacles forced integrated air express carriers to develop more costly ways to achieve their business objectives and, of course, these extra costs were passed on to clients, thereby increasing their cost of doing business.

But now is a time of change for both customs and the integrated air express industry. It is a time when the combined pressures of the global marketplace, of customers, of less government intervention in business, and of global economic growth and development are bringing us closer together and with increasingly aligned objectives. Today, customs and the integrated air express industry could not be in a better position to act for their mutual benefit and for the ultimate mutual benefit of our global customers.

## Customers of the Integrated Air Express Industry

The customers of the integrated air express industry today expect door-to-door overnight service irrespective of the commodity or the value or weight of the consignment. This means:

- end-of-business-day collection;
- overnight transportation; and
- start-of-business-day or morning delivery.

The integrated air express industry is investing millions of dollars in a dedicated air transportation network to meet these customer expectations. All the companies already have comprehensive ground distribution infrastructure in place. The only missing link in many countries at the moment is the absence of pre-business hours customs clearance within 60 minutes of flight arrival, which would allow morning delivery to the global customers of today.

In keeping with the demands of the fast-changing global market, the integrated air express industry needs:

- pre-clearance of high- and low-value goods;
- release of low- and medium-value shipments directly from the consolidated shipping manifests of the integrated air express carriers;
- matching customs work-hours as and when the industry needs clearance;
- the same clearance treatment as postal shipments; and
- sixty minutes' customs clearance times upon flight arrival.

All that said, it must be emphasized strongly that global trade facilitation need not be at the expense of customs enforcement responsibilities. On the contrary, a strong strategic partnership between customs administrations and

the integrated air express industry could further enhance enforcement.

## **Managing Risk**

Effective risk management is as important to the integrated air express industry as it is to all customs administrations, and weighs very heavily in the international operations of the integrated air express industry, especially in the last couple of years. Just as customs administrations around the world are doing their best to manage risk effectively, the integrated air express industry is trying its very best to manage effectively the same set of risks.

I would like to highlight some of the challenges faced by the integrated air express industry in the management of risk. I sincerely hope that our common desire to manage risk more effectively will bring us closer together, with increasingly aligned objectives to help further our economic growth and development.

- *Training.* CAPEC member companies are spending a big chunk of our profits to train and upgrade the skills of our people. This is continuous, as we want our people to be highly trained and effective in meeting the challenges and changes of the new global market.
- *International operating procedures.* All our CAPEC member companies follow high-quality international operating procedures, very much aligned to world standards. We continue to keep ourselves updated to keep up with the demands of the new global market and the changes that have been forced upon us by rapid economic growth and development. We are very proud that all our CAPEC member companies are ISO-certified; some have even achieved international awards for their quality service.
- *Total control of the transportation cycle.* Many businesses

have been affected by the economic downturn in Asia. Most CAPEC member companies have nonetheless invested millions of dollars in a dedicated air transportation network to meet the demands of the new global market and the changes imposed by rapid economic growth and development. All CAPEC member companies already have comprehensive ground distribution infrastructure in place. While taking total control of the transportation cycle has many business objectives aligned to it, of paramount importance is minimizing risk.

- *Leveraging electronic commerce and the use of information technology.* Along with our investments in a dedicated air transportation network, all our CAPEC member companies are also investing millions of dollars in the development of information technology. The new global market, and its very rapid economic growth and development, presents us with tremendous opportunities for the use of technology in a number of important areas:
  - risk management, by providing good and reliable databases for risk analysis and targeting;
  - faster and possibly more effective global business processes;
  - efficient recordkeeping;
  - better service and reduced cost through automated operations; and
  - simplified and standardized international operations.

We have a unique opportunity to move forward with customs administrations in leveraging the use of technology for our common interest, just as we can develop a strategic partnership in the area of risk management.

## **Customs Administrations and the Integrated Air Express Industry**

For customs administrations, it is a time when global and regional pressures are forcing a change in customs to facilitate rather than restrict trade. Technology is providing tremendous opportunities to speed up manual processes, to make more effective and timely use of information. While customs administrations differ, in general, developed customs administrations emphasize the following:

- streamlined movement of low-value, low-risk goods, including the adoption and implementation of the WCO guidelines for the handling of air-express shipments;
- facilitation (rather than intervention), using risk analysis and selective processing, and introducing amendments to legislation where necessary, in accordance with the annexes to the Kyoto Convention;
- reduced tariffs and licensing;
- greater reliance on consumption and other indirect taxes;
- use of GATT or WTO valuation code;
- increased use of customs automation and EDI for data collection and pre-clearance;
- simplified procedures, relying less on paper and requiring fewer signatures;
- support and man-dedicated air-express airport facilities;
- Memorandums of Understanding to build trust; and
- risk management.

These are but some of the trends noted in our work with both the WCO and customs administrations within APEC. In general, CAPEC hopes that all customs administrations will follow these trends. In making these suggestions, CAPEC is in no way belittling the need for customs to retain control at the border. Rather, we wish to assist customs in this undertaking by:

- reconciling our need for simplicity with customs need for information and regulatory integrity;
- recognizing the sophistication of smugglers and cooperating to help curb illicit activities;
- recognizing country imperatives and differences in the setting of customs' mission; and
- fostering close working relations with the WCO and its individual member customs administrations.

We have a unique opportunity to move forward with customs. In conclusion, this opportunity can be summed up as follows:

- Customs administrations and integrated air express carriers are closely linked.
- Both want to facilitate trade.
- Both are leveraging the use of technology.
- There is a unique opportunity to provide overnight delivery capability to support rapid economic growth, and customs and the integrated air express industry can play a substantial role in helping to make this happen.
- Customs and the integrated air express industry have shared risks and shared responsibility for managing risk.
- A forum is needed for CAPEC to interact with WCO and its member customs administrations to help facilitate change.

Together, we are in a position to take this strategic partnership a step further. Naturally, allowances would need to be made for country differences, but a regional charter for the integrated air express industry and customs could help enhance regional growth and economic interrelations for the common economic interest.

# 11

## Air Cargo Facilitation

*Robert Richardson*

**O**n behalf of the 260 member air carriers of the International Air Transport Association (IATA), I would like to focus on a few critical issues of concern to the aviation community. For each of the points discussed below, the industry believes that there are reasonable solutions, many of which have already been implemented by forward-thinking states. In some instances, these solutions have required changes in national legislation. In others, the solutions have been the result of simple modifications in the way processes are carried out. However, in every case, the solutions have required a greater level of cooperation and trust between governments and the trade, as well as a shared vision of what changes were necessary and how they could best be implemented.

### Introduction

Aviation carries but a small percentage of the total goods transported over international borders—only about 1 percent of movements (net value). That number might initially sound less than impressive and rather unimportant compared with the amount of goods carried by other modes of transportation. But it is the nature of the goods moved by air that makes our industry so vital to shippers, manufacturers, and even the states for which those goods are ultimately destined.

Compared with other modes of transport, such as shipping and rail, the air industry carries a significantly higher

percentage of high-value and time-critical consignments. Shippers, and their customers, depend on the speed inherent in aviation to meet the needs posed by just-in-time inventory controls, perishable-product movements, and critical-parts replacement, to name just a few.

Unfortunately, this benefit on which shippers and their customers depend for their economic well-being is often lost because of inefficient clearance of goods for release to home use. In too many cases today, in countries all around the globe, consignments arriving at their final destination take longer to be released from customs than the total time spent getting there.

This paper will also discuss the main rules and practices that govern the air transport sector. While these vary from state to state, they can be distilled down to their basic components for quick presentation. When moving goods, the air transport sector must:

- accept goods from shippers;
- document those goods;
- comply with import and export control regulations; and
- produce the goods at the destination with the necessary support documentation for entry, clearance, and release.

Each step of the process involves capturing specific data, creating paper documents for each consignment, creating other paper documents to reconcile the original documents, presenting the documents to customs authorities, and then archiving the documents for varying lengths of time after the goods have been moved. Needless to say, this is not an efficient or labor-friendly process. And it is made worse by the fact that a set of documents created for one phase in the process often does not satisfy the requirements of subsequent phases, resulting in the need for even more documents.

This process is repeated thousands of times each day, and is not limited only to movements by air. It is the same process relied upon by governments since the days of the sailing ships. It was slow and manpower-intensive then, and in today's environment of instant electronic communication and ever-shorter delivery deadlines, paper-based data exchange and inspection processes that do not rely upon risk assessment and selectivity criteria can bring the cargo industry to its knees.

The past 30 years have given rise to remarkable developments in the aviation industry, the business community, and in the way states view themselves and the world around them. The world has changed in so many ways. New opportunities are being discovered almost daily. Regrettably, however, the methods of moving goods across international borders have failed to keep pace. What has always been is not necessarily how things should be today, or in the future.

It is time that governments and the trade, with an eye to the needs of the future, undertake the necessary task of reviewing existing policies and practices and seek to implement new methods, using new technologies which will truly facilitate trade, while at the same time protecting national interests. Specifically, the air transport sector must act to realize the following achievable goals.

### **Paperless Transaction Processing**

As described earlier, air carriers today must gather great quantities of data from shippers, often in electronic format, copy the data manually onto paper documents, attempt to verify their accuracy, and then transmit the information to the proper authorities. The authorities, on the other hand, often do the same thing in reverse. The entire process is plagued by unavoidable errors in data input, duplication of effort, waste of critical human resources for carrier and customs alike, and unnecessary costs for everyone.

A solution exists and its framework has been developed to realize the goal of making paperless transactions the norm instead of the exception. With the Montreal Protocol IV, we have an international convention that provides the legal basis for establishing electronic airway bills.

We in the industry recognize that such change will not come easily. We understand that many states will need to modify their national legislation to allow for exchange of electronic data. We also understand that many governments have yet to begin work on developing electronic data interchange (EDI) systems for cargo manifest processing.

Together, industry and government representatives have developed specific EDI programs, that is, computer-to-computer language formats and standardized messaging guidelines to reduce the time governments need to develop their capability in this critical area.

Many governments have made these choices, resulting, we believe, in significant cost reductions for themselves, the airlines, and the shippers, by making paper-based processes less inefficient. Manpower, so scarce in today's environment of shrinking budgets, has been redirected to productive activities such as enhanced customer service for the industry and strengthened enforcement by governments.

### **Harmonized Information Requirements**

One of the most difficult and costly aspects of cargo movements is the lack of standardization in the data requirements imposed by different countries for the movement of goods. Differing requirements generally require creating separate documents to satisfy export and import controls. Additional documentation is often required to transfer goods at intermediate points.

One might think that the emergence of trading blocs of nations, such as the European Union or NAFTA, would have resulted in harmonized requirements and a reduction in re-

quired documentation, but that has not been the case. Systems developed within these economic-based groups continue to be essentially incompatible with one another because of their varied data elements and formatting requirements.

The industry believes that these variations in data requirements increase the risk of errors in data collection and transmission, delaying clearance and creating unwarranted financial liability. Divergent requirements also keep us from exploring ways of processing outbound and inbound clearances with a single filing.

Obviously, under such systems, trade efficiency is curtailed, resulting in:

- greater processing demands on shippers, carriers, and customs;
- reduced performance in clearance of goods; and
- incremental cost increases for all.

### **Pre-arrival Processes or Expedited Clearance Upon Arrival**

Lastly, but possibly most critical in any effort to improve trade efficiency, the industry seeks support for processes that will allow governments to screen consignments en route, and through risk assessment and selectivity, expedite the release of low-risk goods forwarded by known shippers upon arrival.

For this ultimate goal to be realized, the first two points I have raised today will, by necessity, have to be adopted. The benefits of such a program are immediately apparent. By utilizing technological advances, governments would be able to screen consignments in advance of arrival and focus their dwindling inspection resources on those that pose a real threat. The great majority of goods, as much as 99 percent in some countries, could be released for home use with minimum formalities, subject, of course, to periodic, unscheduled checks.

Various methods that can expedite the clearance of goods already exist. Electronic commerce programs can support post-release payment of taxes and duties, which often slows the release of goods cleared in the existing manner. Precedents exist for such schemes. They are based on the shippers' performance and entail adequate financial guarantees and a reliable post-clearance audit procedure.

To further facilitate trade, governments should consider adopting procedures that would allow release documents to be filed electronically from locations other than the airport of importation. Such remote filing procedures would enable shippers and carriers to concentrate their cargo documentation experts in national or regional centers, and would likely result in increased data accuracy, reduced costs, and improved service.

## **Summary**

Many other areas of concern faced by the air transport sector cannot be discussed in this short paper. However, most of them will be resolved by implementing the key solution areas discussed here.

In closing, how does the industry envisage the realization of these solutions? There are no easy answers, but we believe the best opportunities lie with the work being done by the World Customs Organization to revise the Kyoto Convention. That document, when completed and ratified by its contracting parties, will provide customs organizations around the world with a vision for the future and the guidance necessary to solve many of the problems we all face today.

However, to be fully effective as a trade facilitation tool, the Kyoto Convention and all of its annexes must be made obligatory and enforceable on all states. While the WCO is the body that is most competent to revise the Convention, it cannot effectively oversee compliance in the various states.

We firmly believe that the World Trade Organization is best suited for that role, and ask that it undertake this difficult, yet essential, obligation. Without the support of the WTO and other internationally sanctioned governmental bodies, the opportunities for harmonization of requirements and convergence of process, which are so necessary for improved trade facilitation, will continue to be nothing more than a dream.