

# With Thomas M.T. Niles

## U.S. Council for International Business

*Thomas M.T. Niles is president of the U.S. Council for International Business. Before joining the USCIB in 1999, Niles held ambassadorial appointments to Canada, Greece and the European Union and served as assistant secretary of state for Europe and Canada.*

**Q. For business, what does it mean that trade-facilitation issues are on the official agenda of the World Trade Organization's Doha Round of negotiations?**

**A.** For us, trade facilitation focuses largely on modernization of customs procedures and its benefits and advantages, particularly for developing countries. This is the "development round" of negotiations, and it is supposed to focus on the needs of developing countries. Trade facilitation can be extremely beneficial for developing countries. There was an attempt in the discussions to include facilities modernization and transportation infrastructure, but that goes considerably beyond the WTO's mandate.

**Q. What roles can the WTO play in trade facilitation?**

**A.** We hope it will result in establishing programs to assist developing countries in customs modernization. The WTO has funds for capacity-building. Hitherto, its capacity building has focused further upstream, on the ability of developing countries to participate in the negotiations themselves. Arguably, there could be some programs where the WTO helps train customs people in developing countries — to modernize procedures, in the handling of cargo, automation of information, or standardization of reporting requirements for cargo. It would be highly desirable if countries around the world — developing and developed — were following the same procedures.

**Q. When it comes to customs modernization, where does the WTO's role end and the World Customs Organization's role begin?**

**A.** The WTO will not get very deeply into the mechanics of customs procedures. That's a WCO issue. The WTO's role is standardization at a fairly high level of generalization.

**Q. Given the WTO's requirement for consensus, is there a danger that only vague, very high-level agreements will result from upcoming trade-facilitation talks?**

**A.** Maybe not every country would have to agree to do everything at the same time. But everyone would have to agree, in general, on what the organization would do on trade facilitation.

**Q. Won't it take a long time to agree on details?**

**A.** Perhaps. Just because you reach an agreement, it

doesn't mean you solve all the problems. It means that you begin the process.

**Q. And the process could continue beyond the Doha Round?**

**A.** No one anticipates that the Doha Round will be the last multilateral round of agreements. Trade facilitation will remain on the agenda, and what we cannot accomplish in the Doha Round, we'll take up in the next one. If there are issues that are too hard, you can put them off until the next round.

**Q. Many executives who are not directly involved in trade facilitation may not be aware of its complexities. Does that make it harder to build a consensus on goals?**

**A.** Trade facilitation is fairly arcane, but it is something that does make a big difference, so there is no resistance. Once you explain to people what is at stake, it makes a lot of sense to them, particularly post-Sept. 11, when you have two linked issues — security enhancement and trade facilitation. People understand the need for business and government to work together for a proper balance. Companies are encouraged by bottom-line considerations to maintain a fairly lean inventory. They know that when there are problems at the border, it is a crucially important issue for both business and government. Supply-chain security and management also take on a higher profile when companies operate on a just-in-time basis.

**Q. Corrupt customs officials in developing nations are widely viewed as a weak link in securing global supply chains. What's your response?**

**A.** It's a problem that won't be solved overnight. It will be resolved by the action of governments, and by economic development that allows governments to pay customs inspectors a living wage so they don't have to accept bribes. You have to continue to provide training and capacity building.

**Q. How can executives promote trade facilitation?**

**A.** Governments have worked out some cooperative agreements in areas that are very encouraging, such as the SMART border with Canada. However, after you have these agreements, the focus changes to whether you are going to take advantage of them. Business needs to work closely with governments, and government needs to hear from business about what is possible. But it is up to business to take advantage of these agreements.

—Alan M. Field

