

COMMUNICATION FROM NORWAY

The following communication, dated 9 June 2005, from the Delegation of Norway, is being circulated in advance of the Negotiating Group meeting of 13-14 June.

WTO TRADE FACILITATION

"BORDER AGENCY COOPERATION"

Customs border cooperation between Norway, Sweden and Finland

A Contribution from Norway

I. BACKGROUND

1. This paper provides information on customs border cooperation between Norway, Sweden and Finland, from a Norwegian perspective. It is not intended as a proposal, but as a basis for stimulating thinking in an area where Norway has gained extensive experience over a number of decades.

2. Canada has previously put forward a proposal on "Possible Commitments on Border Agency Cooperation" (TN/TF/W/20). The Canadian paper deals with coordination and cooperation on a domestic level. The present paper focuses on cooperation *between different neighbouring countries*, but it also employs some of the same principles and policies as those employed in the paper submitted by Canada.

II. COOPERATION BETWEEN THE RELEVANT AUTHORITIES IN THE COUNTRIES INVOLVED

3. Border cooperation between Norway, Sweden and Finland is based on the simple idea of division of labour: 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. For example, when goods are exported from Norway, either a Swedish, Finnish or Norwegian customs office may take care of all paperwork related to exportation from Norway and importation into the said countries.¹ This is also the case when goods are imported into Norway. It should be noted that the borders between Norway and Sweden (1630 km) and Norway and Finland (736 km) generally lie in sparsely populated rural and highland areas.

¹ Unlike Finland and Sweden, Norway is not a member of the EC Customs Union.

4. Border cooperation between neighbouring countries saves time, money and human resources, both for the border authorities and for the economic operators. It is based on the principle that checks and formalities should be carried out at a *single spot*, and thus, that the customs authorities of one of the Contracting Parties may control the implementation of customs provisions, import and export provisions and any other provisions concerning trade *on behalf of* the customs authorities of the other Contracting Party involved. The infrastructure and allocation of customs offices at certain places along the long Norwegian-Swedish and Norwegian-Finnish borders reflect the fact that, by virtue of the existence of these agreements, it is unnecessary to establish customs offices on both sides of the border, and to deploy customs officers both places.

5. In general, the Border Cooperation Agreements provide that border inspections and formalities shall be carried out with the minimum possible delay and be centralized at one place only insofar as possible. The Parties are expected to promote the use of simplified procedures and data processing and transmission techniques. For instance, they shall allow for the various relevant authorities to delegate their inspection powers to a service (preferably the customs service), which will carry out inspection on their behalf. Departments shall be organized so as to reduce waiting time. If a disruption occurs with respect to the crossing of frontiers, the relevant authorities shall immediately inform the authorities of the other Parties. Plant health inspections are to be limited to random checks and sample testing only, unless duly justified circumstances require otherwise. Frontier posts are open so that inspections and formalities relating to regular importation of goods may be performed during an uninterrupted period of at least ten hours from Monday to Friday, and at least six hours on Saturdays. Goods placed under a customs transit procedure (with the corresponding inspections and formalities) can normally cross the frontier posts twenty-four hours a day without unloading. Parties are encouraged to establish express lanes where technically possible.

6. The border cooperation is formally established by certain bilateral agreements, which are to be complied with as regards the cross-border movement of goods. The agreements cover all aspects of customs control and physical inspection, as well as documentation and customs clearance.

7. Customs cooperation is also subject to protocols to the EEA Agreement (Agreement on the European Economic Area, i.e., the free-trade area covering the EU and the EFTA states Iceland, Norway and Liechtenstein).² In response to an EEA requirement for cooperation between the Parties in order to simplify the procedures for trade in goods, an EFTA Group of Experts on Efficient Trade Procedures (GEETP) was established, made up of experts in the field of trade facilitation from the respective EFTA countries. The GEETP meets regularly to coordinate trade efficiency activities within the EFTA structure and participates in international forums such as EUROPRPO and UN/CEFACT.³

III. FACTS ON THE BORDER COOPERATION AGREEMENTS

8. Some facts on the Border Cooperation Agreements:

- Customs border cooperation between Norway and Sweden was established in 1960, after a three-year trial period.

²Two Protocols were adopted on the "*Simplification of inspections and formalities in respect of carriage of goods*" (Protocol 10) and "*Mutual assistance in customs matters*" (Protocol 11). Thus, the Agreement on the European Economic Area (EEA) requires Parties not only to simplify border controls and formalities, but also to assist each other in customs matters. The EU has an agreement with Switzerland that is similar to Protocol 10.

³Practical aspects of EFTAs border cooperation policy are described *inter alia* in the OECD Document: The Relationship between Regional Trade Agreements and Multilateral Trading System – Trade Facilitation, TD/TC/WP(2002)17.

- A joint control cooperation was established between Norway and Sweden, involving 18 Norwegian and 21 Swedish customs offices along the border.
- 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 similar agreement with Finland entered into force in 1969. Due to language barriers, there are some differences compared with the cooperation with Sweden. However, the principal elements are the same.
- The border cooperation agreements between Norway and Sweden and between Norway and Finland are unique, and they were not affected by the fact that Sweden and Finland joined the EU in 1995. An additional agreement with the EU allowing supervision and audits by the Commission was signed in 1997.⁴
- Customs officers from both countries convene regularly, to be updated on the respective rules and regulations, and joint seminars are held regularly for the customs officers at the borders.
- The Directors General of Customs meet at least once a year to discuss matters of common interest.
- A control zone has been established on both sides of the borders. Within the control zones, Norwegian customs officers may carry out controls as far as 15 kilometres from the border into Sweden and Finland, and Swedish and Finnish officers may carry out controls 15 kilometres into Norway.

IV. WHAT ARE THE RESULTS?

9. For the customs authorities, border cooperation entails that:

- The directors of certain Norwegian customs regions are entitled to instruct Swedish and Finnish customs officers in accordance with Norwegian customs law, and vice versa. Thus, the total resources at the border are applied more effectively.
- Relevant information is available for the customs authorities on both sides of the borders at the same time.
- For the economic operators, the results are rapid trade flow, due to only one stop at the border, and reduced costs related to customs clearance and transport.

V. PUBLIC RESOURCES SAVED

10. Since the development of the border cooperation has taken place over a number of years, it may be difficult to determine the benefits exactly. However, to give an idea of the resources saved in Norway alone by the above agreements, a calculation was made in 1995 of what the consequences would have been if the agreements had not been approved by the EU while at the same time maintaining the same level of service:

- 10 new customs offices would have had to be opened on the Norwegian side of the border.
- 100 new customs officers would have had to be employed.
- NOK 100 million (16 million USD, approximately) in additional costs for the customs authorities for new buildings, salaries etc (50% of these cost would be a one time investment and 50% would be an annual cost).
- NOK 250 million (39 million USD, approximately) additional costs for the economic operators, mainly due to longer waiting time and double stops at the border (annual costs).

⁴Agreement on customs cooperation between the European Community and the Kingdom of Norway, see EC Official Journal L 105, 233/04/1997 p. 0017 – 0020.

VI. CUSTOMS COOPERATION AT A NORDIC LEVEL

11. Another forum for cooperation is the Nordic Administrative Customs Council which is a meeting place for the Directors General of Customs of the Nordic countries, i.e., Denmark, Finland, Iceland, Norway and Sweden, and the Faeroe Islands.

12. The Directors General of the five Nordic countries and the Faeroe Islands meet once a year to discuss matters of common interest and to inform each other of developments and plans for the future.

VII. CONCLUSION

13. We hope the above information will be useful to Members and stimulate further thinking in the area of border cooperation.
