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**DRAFT REPORT OF THE COMMISSION ON ENTERPRISE, BUSINESS
FACILITATION AND DEVELOPMENT ON ITS SIXTH SESSION**

18-21 February 2002

Rapporteur: Mr. Paul Frix (Belgium)

Speakers:

Representative of the secretariat
Canada as Chairperson of the Expert
Meeting on Electronic Commerce and
International Transport Services: Best
Practices for Enhancing the
Competitiveness of Developing Countries
Morocco for the African Group

Paraguay for the Latin American and
Caribbean Group
Sri Lanka for the Asian Group and China
Spain for the EU
United States of America
Bangladesh

Note for delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments to statements by individual delegations should be communicated by **Wednesday, 27 February 2002** at the latest, to:
UNCTAD Editorial Section, Room E.8108, fax no. 907 0056, tel. no. 907 5656/1066.

**ELECTRONIC COMMERCE AND INTERNATIONAL TRANSPORT SERVICES:
BEST PRACTICES FOR ENHANCING THE COMPETITIVENESS OF
DEVELOPING COUNTRIES**

(Agenda Item 3)

1. For its consideration of this item, the Commission had before it the following documentation:

‘Report of the Expert Meeting on Electronic Commerce and International Transport Services: Best Practices for Enhancing the Competitiveness of developing Countries’ (TD/B/COM.3/38 – TD/B/COM.3/EM.12/3)

‘Electronic Commerce and International Transport Services: Best Practices for Enhancing the Competitiveness of developing Countries’ (TD/B/COM.3/42)

2. In introducing the item, the **representative of the secretariat** recalled the importance of the transport sector in the globalization and development process. Technological and organizational changes in the field of transport were largely based on the requirements of East-West rather than North-South trades. Developing countries had to bear higher transport costs, and the transport sector itself was only to a limited extent able to fulfill its role as catalyst of trade and development of developing countries. Electronic commerce applications in the field of transport not only boosted the efficiency of the transport sector, but also provided knowledge-based transport suppliers of developing countries with opportunities to extend traditional transport activities such as agency and freight forwarding operations into value-added logistics services. At the same time, there were legal constraints adversely affecting Internet and electronic commerce applications in transport. These shortcomings related particularly to the lack of an enabling legislative framework. Existing rules were still paper-based and not conducive to the replacement of traditional transport documents with electronic alternatives. Equally, documentary practices still favoured the use of negotiable transport documents, particularly in developing countries, despite the fact that documents of title were not really required in trade transactions, as there was no intention to change ownership during the transport process.

3. He drew attention for the need for Governments to provide not only for infrastructure but also for policy reforms that aimed at increasing the efficiency of the transport sector. In this context, he referred to the need for market access measures, which had been taken up at the global level in the WTO in the context of the General Agreement on Trade in Services (GATS), and equally, if not more importantly, the need for policy measures aimed at improving commercial capabilities of national operators. These policies would need to be supported by the international community, including UNCTAD, through measures designed to optimize the use of existing infrastructure. Such measures included particularly institutional capacity building and regulatory reform, as well as promotion of sustainable technology applications through know-how transfer and training. He noted that this approach to increasing efficiency was also reflected in the recommendations of the Expert Group addressed to operators, Governments and the international community, including UNCTAD.

4. The representative of **Canada**, speaking in her capacity as **Chairperson of the Expert Meeting on Electronic Commerce and International Transport Services: Best Practices for Enhancing the Competitiveness of Developing Countries**, reported that the Meeting had examined the impact of electronic commerce on international transport services, including economic, operational and legal aspects. The participation of 80 experts coming from the public and private sectors of 55 countries, including representatives from intergovernmental organizations, specialized agencies, regional commissions and non-governmental organizations, had allowed a broad and balanced coverage of the subject. National and regional presentations had revealed that there were wide disparities amongst the developing countries in their level of development in respect of electronic commerce which stemmed from inadequate transport, telecommunication and legal infrastructure, limited availability of computers and Internet access, and lack of basic knowledge.

5. Major transport operators from developed countries had developed and were successfully using web-based information and communication systems as an integral part of their business and were working towards the development of partnerships with their clients and the establishment of agreements to simplify procedures for arranging transport services. Developing countries were encouraged to use this technology to improve their transport services. Similarly, the development of port community systems offered the possibility of information exchanges between the main partners within a port, namely customs and other administrations, ocean carriers, land transport operators, terminal operators, freight forwarders and the trading community, to also improve transport efficiency. These systems could be of interest for landlocked countries to facilitate and increase documentary security on transit cargo from seaports.

6. Measures required to overcome the disparities included: investment in transport, telecommunications and information technology infrastructure at national level; introducing a regulatory environment that favoured a reduction in telecommunication and Internet charges; and enacting adequate legislation. Concerning legal issues, some progress was apparent: a number of Governments had enacted or were in the process of enacting legislation in order to adapt their laws to the requirements of electronic commerce, notably by addressing issues such as the need for 'written', 'signed' and 'original' documents. Such legal requirements in national laws and transport conventions presented barriers to the development of electronic commerce. Furthermore, the transport sector faced a particular challenge in terms of replacing negotiable transport documents, such as bills of lading, with electronic alternatives. It had emerged that such negotiable documents were used in many cases where there was actually no need. This called for a change of attitude and approach by commercial parties in relation to their documentary practices. The use of non-negotiable documents would clearly facilitate the transition to electronic commerce.

7. The recommendations of the meeting highlighted the need for investments in transport, telecommunications and information technology infrastructure, for streamlining and adapting legal infrastructure, for simplifying administrative regulations and practices, for the greater use of information technology in transport services, and for education and training. UNCTAD was specifically requested to review developments and assess their

implications for developing countries, to prepare studies in relation to the use of traditional transport documents, to provide guidance on the establishment of port community systems, and to develop training materials. She reiterated the experts' call for an appropriate follow-up mechanism to ensure that developing countries could benefit from technological change affecting transport and avoid further marginalization.

8. The representative of **Morocco**, speaking on behalf of the **African Group**, said that information and communication technology was increasingly employed in all transport and logistics services and had changed the way of working of all operators. However, in Africa, the application of such technology to transport-related services had been only marginal due to a multitude of factors such as inadequate transport, telecommunication and legal infrastructure, limited Internet access, the high cost of Internet connectivity, and lack of skills. Electronic commerce offered tremendous opportunities for integrating African countries into the international trading system and for reducing the high transport cost of their trade. In this connection, he underlined the importance of wider use of information technology to improve the performance of existing infrastructure such as ports. He supported the recommendations made by the Expert Meeting and noted the importance for Governments to coordinate investment in transport infrastructure and in new technology, to adapt their legal infrastructure to the requirements of electronic transactions and to give particular attention to lowering the cost the Internet access. He requested the UNCTAD secretariat to intensify its assistance aimed at strengthening the capacity of African countries to use information and communication technology in international transport services and logistics. He made particular reference to the studies on alternatives to traditional transport documents and on the establishment of model port community systems that would assist countries in making greater use of electronic commerce. Finally, he expressed satisfaction at the inclusion of electronic commerce in the proposed technical assistance programme under consideration pursuant to the Doha Declaration.

9. The representative of **Paraguay**, speaking on behalf of the **Latin American and Caribbean Group**, said that the use of digital communication was a reality in Latin American cities, as shown by the increased use of e-mail and the Internet by a large segment of the public and by the number of web sites being operated by the Chamber of Commerce of many cities, with interactive features of interest to their memberships. Latin American countries represented about 5.4 per cent of world trade and, according to ECLAC, more than three-quarters of the international trade of these countries measured in terms of value was carried by sea, while for some countries the percentage was well above 90 per cent. For landlocked countries, the shares were between one-quarter and one-third, and less for Mexico due to its intense trade overland with the United States. Latin American countries had maintained a proactive attitude to the introduction of digital communications technology in accordance with their trade needs and their degree of development. Over the last decade, the more open policies towards international trade had been supported by the introduction of new digital information technologies in the public and private sectors. For instance, UNCTAD's ASYCUDA technical assistance programme, which aimed at providing efficient Customs clearance of cargoes, was working in eight countries in the region. Many port authorities had websites with indications of services, tariffs and statistics. In the private sector, a major

marine carrier was using a portal for its operations, and one container terminal operator in Buenos Aires was providing added value services through its web site. Advances had also recently been made in some countries in adopting legislation allowing the use of electronic signatures. However, only a few logistics chains, such as that for citric concentrates, had attained the integration of commercial and transport information. This was an area where other traders could benefit and product competitiveness in world markets could be enhanced. Finally, he expressed support for UNCTAD's work on port community systems, training to implement those systems, studies relating to the use of traditional transport documents and their electronic alternatives, and the issuance of transport licenses at the national, regional and international level, which would help diversify the use of electronic commerce.

10. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, emphasized the importance of information and communication technology in ensuring the efficient operation of transport chains and rapid exchange of information and documentation among operators. Countries of the Asian Group were major players in international trade and had accounted for 22 per cent of world exports and 18.3 per cent of world imports in 2000. In particular, a number of Asian countries, by making electronic commerce a priority, had benefited economically through their integration in international supply chains. Furthermore, the availability of reliable transport services had encouraged foreign direct investment. However, other countries of the region that lacked the necessary infrastructure and skills were prevented from taking advantage of the new opportunities afforded by electronic commerce. The recommendations of the Expert Meeting were highly relevant and provided guidance on measures required for building capacity and enhancing the competitiveness of enterprises and businesses involved in international trade and transport. She therefore fully supported the recommendations of the Expert Meeting. Finally, she welcomed Part D of the project proposal 'Capacity Building and Technical Cooperation for Developing Countries, especially LDCs, and Economies in Transition in Support of Their Participation in the WTO Doha Work Programme' as a step forward in promoting electronic commerce and the use of information and telecommunication technologies at the international level.

11. The representative of **Spain** speaking on behalf of the **European Union**, stressed that the use of electronic commerce in transport would facilitate international trade in goods and services and, therefore, improve the competitiveness of exports of developing countries on world markets. He welcomed the fact that the Doha Declaration had given attention to electronic commerce and trade facilitation and expressed his conviction that UNCTAD had an important role to play in helping developing countries in the forthcoming negotiations. He supported the recommendations of the Expert Meeting to Governments and enterprises, to the international community for strengthening its legislative and financial assistance, and to UNCTAD for conducting systematic studies in the field of electronic commerce, presenting initiatives in this field that would improve the transport operations and trade of LDCs, and preparing guidelines for systems for port and logistics communities.

12. The representative of the **United States** said that a meeting sponsored by the US Department of Agriculture in Arusha (Tanzania) in September 2001 in the framework of emergency interventions in East Africa had reached conclusions that supported the use of

computerization in improving efficiency in the field of transport, and he therefore agreed with the findings of the Expert Meeting. The conclusions of the Arusha meeting had emphasized that port performance could be improved through the use of simplified documentation and its computerization. Upgraded Customs clearance procedures, involving such features as 24-hour operation, multiple entry documents and their computerization, also contributed to increased transport efficiency. Other recommendations concerned the use of cargo tracking systems, such as ACIS developed by UNCTAD, and the collection of data and its dissemination through transport business associations using computerized databases.

13. The representative of **Bangladesh** noted the high transport costs prevailing in least developed countries and emphasized that inefficient trade procedures hindered the potential of electronic commerce. The problem was more complex than commonly admitted, and inequality with regard to Internet access was a major problem in least developed countries. Finally, he highlighted issues pertaining to the two types of electronic commerce, namely business-to-consumer commerce and business-to-business commerce.