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

Held at the Palais des Nations
from 19 to 23 February 2007

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**EFFICIENT TRANSPORT AND TRADE FACILITATION TO
IMPROVE PARTICIPATION BY DEVELOPING
COUNTRIES IN INTERNATIONAL TRADE**

(Agenda item 4)

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

“Efficient transport and trade facilitation to improve participation by developing countries in international trade” (TD/B/COM.3/ 80);

“Report of the Expert Meeting on ICT Solutions to Facilitate Trade at Border Crossings and Ports” (TD/B/COM.3/EM.27/3);

“ICT Solutions to Facilitate Trade at Border Crossings and in Ports” (TD/B/COM.3/EM.27/2).

Chairperson's summary

2. In introducing this item, the secretariat noted that international transport costs surpass customs duties as a barrier to international trade, and that developing countries are more affected by these underlying costs than developed countries. The incidence of transport costs is even higher for the most vulnerable countries, such as LLDCs. Higher transport costs negatively affect a country's ability to trade, and consequently to attract investment. This often leads to a detrimental vicious circle, where high transport costs hinder trade, and the low trade volumes lead to diseconomies of scale, which further increase transport costs. In an effort to reduce transaction costs, therefore, the countries concerned require access to competitive transport services and a facilitating environment.

3. In order to enhance their competitiveness, countries need to identify their trade and transport facilitation needs and priorities, and embark on coherent trade facilitation programmes. In order to make effective trade facilitation programmes possible, conformity with and implementation of internationally uniform laws, rules and standards are crucial. In this context, emerging issues such as security and environment must also be taken into account.

4. In the discussion that followed, it was pointed out that traders also incur inventory costs because of transit and waiting times, as well as costs related to guarantees. With reference to the possibilities of achieving win-win situations for both landlocked countries and transit developing countries, it was noted that transit trade and transport require holistic solutions. Regarding environmental considerations, in particular those relating to climate change and the relevant regulatory responses, the UNCTAD secretariat was encouraged to monitor developments and to report on ongoing activities.

5. The Vice-Chairperson of the Expert Meeting on ICT Solutions to Facilitate Trade at Border Crossings and Ports presented the main findings of the meeting as contained in document TD/B/COM.3/EM.27/3. The experts had considered emerging issues in the areas of trade and transport facilitation and information and communication technologies (ICTs). Major factors that have a bearing on the use of ICTs in trade and transport facilitation, as well as on the design and implementation of customs modernization programmes, include globalized production and trade, logistics and supply chain developments, multimodal and door-to-door transport, expanded industry portals and e-commerce.

6. A panellist presented the issue of good practice in trade facilitation and capacity-building. With the resumption of the negotiations at the WTO, countries could proceed with their needs assessment and undertake the necessary trade facilitation reforms. The adoption of three groups of measures could help countries move towards accepted international standards in this field, namely (a) the basic international norms such as the harmonized system of tariffs, the United Nations data formatting and transmission norms, and the permitted level of fees and charges; (b) transparent management, which implies respecting the rights of users, publication of all relevant documents and guidelines for users, at best in one single enquiry point, and ensuring a fair and timely appeal process; and (c) a gradual passage to greater efficiency, which implies adequate risk management and advanced use of modern telecommunications and automated data management techniques, which will lead to the passage to an automated single window. The last group of measures will require efficient links with all actors, including traders, border agencies, banks and insurance companies, port authorities and transport companies, as well the maximum number of investment and management changes.

7. A notable acceleration of trade facilitation reforms around the world — for a number of reasons — has been observed in the last 10 years. These include the great profitability of such reforms, inclusion of trade facilitation and capacity-building measures in regional and preferential trade agreements, successful corridor developments in certain regions and the WTO negotiations on trade facilitation. However, it was noted that various groups of countries were currently at various stages of implementation of different trade facilitation measures. Three crucial features for the successful initiation of trade facilitation reform by countries were highlighted: (a) making trade facilitation a central priority of Governments and confirming it through concrete action; (b) ensuring the participation of reform's main private and public stakeholders in the process; and (c) establishing a policy and management planning unit, usually in customs, able to analyse reform options and make concrete proposals.

8. Delegates stressed the importance of UNCTAD's participation in the support to the negotiations on trade facilitation in the context of the Doha Development Round.

9. Panellists identified several key obstacles to cross-border road transport, including long waiting times, transport quotas and licences, non-compliance with MFN treatment, requirements for trans-shipments, mandatory convoys, the mandatory use of certain commercial services, difficulties in obtaining visas for drivers, transit fees and documentation requirements. Solutions to overcome existing obstacles require the adaptation of trade procedures to international standards and investment in infrastructure. Often, reforms require a change in the mindset of stakeholders.

10. In the context of transit transport, panellists highlighted the need for a transit system, for example Transports Internationaux Routiers (TIR), so as to avoid unnecessary high costs and delays arising from exposing transit goods to national procedures reserved for processing exported and imported goods at border-crossing points. The TIR system is an international transit system for goods carried entirely or partly by road. It is currently operational in 55 countries, where it facilitates transit movements through the use of standard controls and documents, and cuts transport costs by reducing formalities and delays in transit operations.

11. During the subsequent discussion, it was pointed out that in some regions past efforts to set up customs transit arrangements had failed owing to the lack of a robust and efficient guaranteeing system, which is a prerequisite for any customs transit regime. At present,

attempts are under way to introduce the concepts of the TIR system in the developing regions.

12. UNCTAD plays a leading role in inter-agency coordination under the auspices of the United Nations High Level Committee on Programmes (HLCP). It is also actively participating in the Global Facilitation Partnership for Transportation and Trade, which in addition to the agencies involved in the HLCP process includes national institutions, NGOs and private sector operators.

ICT AND E-BUSINESS FOR DEVELOPMENT

(Agenda item 5)

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

“ICT and e-business for development: Trends and policy issues” (TD/B/COM.3/81);

“Using ICTs to achieve growth and development” (TD/B/COM.3/EM.29/2);

“Report of the Expert Meeting in Support of the Implementation and Follow-up of WSIS: Using ICTs to Achieve Growth and Development” (TD/B/COM.3/EM.29/3).

Chairperson's summary

14. In introducing this item, the secretariat stressed the importance of ICT for economic development, trade and competitiveness, as well as the opportunities that e-business offers to SMEs in developing countries. UNCTAD's ICT and E-Business Branch presented the "value chain" that it has developed, in which analytical research and advisory services support the efforts of developing countries to take ICT-related informed policy decisions and review policies, so as to foster economic growth and overcome the digital divide. The secretariat referred to UNCTAD's contribution to the implementation of the outcomes of the World Summit on the Information Society (WSIS) and to the work of the UN Global Alliance for ICT and Development (GAID), in relation to the trade and development aspects of ICT and e-business. It underlined the crucial role of innovation for growth and economic development and the role of ICT in driving innovation in recent years, notably in the productive and ICT sectors.

15. The keynote speaker discussed the role of ICT with regard to economic development and innovation. He referred to the potential of ICTs in the areas of education, health, governance and trade through improving public services, making patterns of production more effective and overcoming many obstacles to trade. He stressed ICTs' great potential for growth and development, and the integration of those technologies into people's daily lives. He noted that despite the existing digital divide between developed and developing nations, some developing countries had achieved major advances in ICT use. On the basis of econometrical studies, he showed how ICTs help to increase productivity. He also underlined the important role of mobile telephony and intellectual property rights (IPRs) with regard to economic growth and development. The issue of mobile telephony gave rise to questions from delegates regarding the correlation between the use of ICTs and economic growth.

16. The report of the Expert Meeting in Support of the Implementation and Follow-up of the WSIS: Using ICTs to Achieve Growth and Development was presented by the Chairperson of that meeting. The experts discussed the impact of ICTs on productivity and competitiveness and their potential for accelerating economic growth and development in developing and transition economies. They considered a series of case studies and projects conducted in several developing countries. They noted that an effective ICT strategy should take into account other cross-cutting policies such as access to finance, human resource development and the creation of a legal environment, as well as other drivers such as innovation system, entrepreneurship and the business environment for ICTs to drive economic growth.

17. In the context of discussions on measuring country performances in terms of ICT uptake, experts agreed that international initiatives on ICT measurement, such as the Partnership on Measuring ICT for Development, provide solutions regarding how developing countries could improve the quality and comparability of their data.

18. When discussing the impact on business sectors such as oil, tourism and trade finance, experts agreed that ICTs made new business models and industry architectures possible. They recommended that ICT investments be based on a sound understanding of their impact on the operations of a particular industry and on value creation and distribution. In this regard, developing countries need to benchmark best practices and to implement solutions rather than technologies.

19. With regard to labour markets and employment, experts recognized the need to improve managerial and entrepreneurship capacities in order to benefit from investments in ICTs. The question of gender was discussed and experts concluded that for both equity and efficiency reasons gender differences in ICT occupations, education, access and use need to be addressed, and that further analytical work on the evolution of those differences and the effects of policy on women and ICTs should be undertaken.

20. During the panel discussion on ICT for development policies, WSIS implementation and follow-up, Egypt's experience regarding ICT policies was presented, and the importance of indicators to measure the impact of ICT policy measures and adjust those policies was underlined. The panel showcased specific ICT measures in the ICT sector, such as the removal of restrictions on computer-related services, the deregulation of the telecommunications sector and the privatization of telecommunications. The Government of Egypt had been able to assess the success of ICT policies by establishing appropriate indicators while preparing policy measures. Thanks to those indicators, adjustments had been made when necessary in order to meet the objectives set out in the national ICT master plan. The speaker called for the use of indicators and policy assessment in other areas such as education and investment policies. She referred to the ICT policy model framework developed by UNCTAD (IER 2006) and called for a joint UNCTAD/Egypt project to carry out a national ICT policy review which could be showcased to other developing countries. The Egyptian case generated interest and discussion from the floor.

21. After this presentation, the UNCTAD Special Advisor, Science and Technology, and former Executive Director of the WSIS provided an overview of the status of the international debate on ICT for development in the context of WSIS outcome documents. He referred to the main elements of the implementation of those documents at the national, regional and international levels, including the multi-stakeholder approach that had been decided. He explained the role of four bodies involved in the WSIS implementation and follow-up (UNGIS, ECOSOC through the reformed CSTD, GAID and the IGF). He stressed that the approach taken to move the information society forward was to widen the debate to all interested stakeholders through open platforms on post-WSIS activities.

22. The UNCTAD secretariat then presented its work on ICT policy, with particular emphasis on the role of ICT indicators in the policy decision process, as showcased by the panellist from Egypt. The secretariat demonstrated that putting in place ICT policies was not sufficient and that policy reviews need to be conducted and be based on ICT indicators. ICT data and indicators were essential for assessing the status of ICT use and impact in developing countries. This information allowed countries to formulate and adjust policies that would maximize the benefits of ICT for their social and economic development, for setting

objectives and for assessing the results. The UNCTAD ICT policy model framework was presented, as well as the role of ICT measurement in the context of the evaluation and benchmarking process, as commended in the WSIS outcome documents. The secretariat presented its activities aimed at helping developing countries collect quality official statistics on ICT in enterprises and on the ICT sector in their countries through research and technical assistance. The work of UNCTAD as a partner in the Partnership on Measuring ICT for Development was mentioned and the newly designed website on measuring ICT (measuring-ict.unctad.org) was presented.

23. The Executive Coordinator of GAID presented what in his view were the forthcoming challenges with regard to ICT for development. He noted that the momentum generated by the WSIS had generated broad political consensus on the need to promote ICT for development through a multi-stakeholder approach. Political attention must now turn towards the implementation of concrete ICT policies and programmes. GAID aims to transform the spirit and vision of WSIS into action and to promote the use of ICT for the achievement of the internationally agreed development goals, including the Millennium Development Goals (MDGs), focusing on education, health, governance and entrepreneurship. The key instruments for achieving that aim are the Flagship Partnership Initiatives (FPIS) and the Communities of Expertise (COEs).

24. The speaker indicated the four challenges that need urgent action in order to realize the internationally agreed development goals:

1. Tapping the "bottom of the pyramid". While ICTs are proliferating in unforeseen ways, people living in poverty are still not benefiting from them. The industry has not yet fully perceived the opportunity of tapping this market, and the challenge is how the industry could integrate the poor into the world economy while generating profit for the company and economic growth for the country.
2. Investing in infrastructure. Significant reform and liberalization in developing countries have not been accompanied by growth in investment in infrastructure, especially in low-income countries. The challenge is to explore what can be done to rectify this imbalance.
3. Mainstreaming ICT for development in development. The core development community has not yet recognized that ICT can transform development effectiveness, and the challenge is how this message can be embraced by traditional development practitioners. Part of the answer lies in the ability to show the quantitative impact of ICTs on the poor, and this is why the development of ICT indicators is so important.
4. Scaling up and replicating ICT for development programmes. Only a large-scale effort, such as integrating national ICT strategies with national development strategies, will help in attaining by 2015 the MDGs and the goals set out in the WSIS Geneva Plan of Action.

25. Finally, the speaker noted that connecting the unconnected and making content accessible are a great global challenge, one which requires a concerted multi-stakeholder approach that fully recognizes to the role of the private sector.

26. In response to a request by a delegate, the speaker elaborated on the key institutional features that make GAID a new model of work — Governments, civil society and the business sector participate on the same terms; there is no negotiation; and it is largely funded

from extra-budgetary funds — one which allows innovative approaches and the necessary flexibility to help the business sector and civil society to be aware of the discussions taking place in the United Nations. The speaker expressed the belief that this institutional model could be, and was being, replicated in other areas of the United Nations. In this regard, he reminded participants that with rights come responsibilities, and urged the international community to take further steps in the implementation of paragraph 17 of the Tunis Agenda for the Information Society, namely "to engage in a proactive dialogue on matters related to corporate social responsibility and good corporate governance of transnational corporations and their contribution to the economic and social development of developing countries in our efforts to bridge the digital divide".

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