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Promoting and strengthening synergies among the three pillars

**Progress report on the implementation of the provisions of
the Accra Accord related to transport and trade facilitation**

Note by the UNCTAD secretariat

Executive summary

The present report conveys a brief account of the activities carried out and corresponding outputs produced by the Trade Logistics Branch of UNCTAD's Division on Technology and Logistics in matters related to Transport and Trade Facilitation in the framework of the implementation of relevant paragraphs from the Accra Accord. The report highlights in particular the work undertaken in research and analysis, consensus-building and technical cooperation activities in the period extending between the first and the second session of the Trade and Development Commission.

Introduction

1. In the field of transport and trade facilitation, the work undertaken by UNCTAD since the first session of the Trade and Development Commission reflects the mandate on transport and trade facilitation, as set out in the Accra Accord. The activities reported below and presented following the order of the Accra Accord paragraphs reflect the work carried out by the Trade Logistics Branch of the Division on Technology and Logistics.

I. Accra Accord paragraphs on technical assistance related to transport and trade facilitation

2. Paragraph 107 of the Accra Accord states: “UNCTAD should provide technical assistance to landlocked developing countries and transit developing countries to help them ensure that adequate and efficient infrastructure and services, as well as effective transit transport arrangements, are in place to support trade.”

3. Paragraph 166 of the Accra Accord states: “UNCTAD should continue to provide capacity-building and technical assistance to policymakers and other stakeholders in developing countries on such issues as reducing transport costs and improving transport connectivity and competitiveness, developing and implementing appropriate institutional and legal frameworks, and devising and implementing national and international actions to promote transport and trade facilitation, including in transit corridors. It should coordinate this work with other relevant organizations where appropriate. It should continue to assist developing countries in transport and trade facilitation negotiations, including in the context of the Doha Round, and in ensuring the effective implementation of agreed rules and standards.”

4. Paragraph 167 of the Accra Accord states: “UNCTAD should continue to provide assistance to developing countries to design and implement policies and actions aimed at improving the efficiency of trade transactions as well as the management of transport operations. It should also continue to cooperate with member States in implementing Asycuda, the automated system for customs data.”

II. Activities in favour landlocked and transit developing countries

5. Pursuant to the Accra Accord paragraph 107 mandate, UNCTAD continued to be actively involved in providing technical assistance to landlocked developing countries (LLDCs) and transit developing countries, and to promote more efficient trade transactions and a better management of transport operations through national projects as well as by way of international cooperation mechanisms.

6. In 2009, Pakistan’s Trade and Transport Facilitation Project II, financed by the World Bank, formally started. In Afghanistan, the Trade Facilitation Component of the Emergency Customs Modernization and Trade Facilitation Project continued its successful implementation providing support to the Ministry of Commerce and Industry Transit and Trade Facilitation Department. A one-week World Trade Organization (WTO) self-assessment workshop was also conducted which gathered stakeholders from public and private sectors to carry out an analysis of Afghanistan’s current capacity to comply with trade facilitation measures negotiated at WTO.

7. In the area of transit, project activities focused on providing substantive support to the bilateral negotiation on the Afghan–Pakistan Transit Trade Agreement and its protocols.

Additional achievements of the project in 2009 include the submission of the Memorandum on the Foreign Trade Regime to the WTO – an important step towards Afghanistan's accession to the WTO membership; the national survey carried out by Afghanistan's national freight forwarders association.

8. An Ad Hoc Expert Meeting on Transit Ports Servicing Landlocked Developing Countries was also convened in December 2009. The meeting provided an opportunity for experts and different stakeholders to exchange views on the current challenges and opportunities faced by LLDCs when making use of transit port facilities in coastal neighbouring countries. In the context of a global economic downturn, the likely impacts of the economic crisis on investments and operations in transit ports were discussed to ascertain the extent to which these have affected positively or negatively LLDCs. Discussions and recommendations focused on major challenges and best practices with a view to guiding the UNCTAD secretariat's analytical and technical assistance work on most relevant issues for the benefit of LLDCs and transit countries. Experts discussed recent developments in transit ports and how they may benefit landlocked countries stakeholders.

III. Technical assistance and capacity-building activities

9. In compliance with Accra Accord paragraph 166, UNCTAD continued its activities in support of developing countries during the ongoing trade facilitation negotiations within the framework of WTO's Doha Development Agenda. The aim of UNCTAD's assistance was oriented to strengthening institutional and human capacities to plan, implement and monitor trade facilitation reforms. This may be done by (a) setting up inter-agency working groups; (b) reinforcing regional collaboration; and (c) assisting with trade facilitation needs assessments. In 2009, the negotiations over implementation-related questions intensified, amidst progress made on the content and language of the legal rules that might be included in the emerging WTO agreement on trade facilitation. At the centre of the implementation-related discussion are the quest for a new approach to special and differential treatment linked to technical assistance, the role and contribution of international organizations and standard-setting bodies in supporting developing countries in the implementation process.

10. In 2009, UNCTAD participated as lead facilitator in national trade facilitation needs assessment meetings for a number of developing countries: Afghanistan, Cape Verde, Comoros, Nicaragua, Senegal and Togo. UNCTAD also conducted advisory missions and national workshops on the WTO negotiations on trade facilitation. Countries benefiting from this assistance include Cape Verde, Guinea, Indonesia, Mongolia and Nicaragua. In collaboration with the Agency for International Trade Information and Cooperation (AITIC), UNCTAD also provided technical assistance on trade facilitation negotiation in a regional context: it contributed to two regional workshops on the WTO negotiations on trade facilitation – one for the least developed countries (LDCs) in Asia (in Cambodia) and one for African LDCs (in Zambia).

11. In 2009, UNCTAD further strengthened its collaboration with a number of regional organizations, such as the Organization of Eastern Caribbean States (OECS) and the West African Economic and Monetary Union (UEMOA). UNCTAD also sponsored regular participation of the OECS member States' delegates and secretariat's staff to the meetings of the WTO Negotiating Group on Trade Facilitation, and provided both financial and substantive support national and regional working groups on trade facilitation. UNCTAD also contributed to a regional UEMOA workshop in Côte d'Ivoire on trade facilitation negotiations and the potential development of a regional Single Window facility. UNCTAD also organized three brainstorming meetings for Geneva-based delegations to discuss the special and differential treatment provisions and rule implementation issues, both of which

are critical to developing countries. As part of UNCTAD's series of Technical Notes on Trade Facilitation, UNCTAD produced a technical note on multi-agency working groups on trade facilitation. This technical note summarizes UNCTAD's longstanding experience with creating and supporting collaborative trade facilitation efforts. The Note was submitted as a working document to the WTO Negotiating Group on Trade facilitation. UNCTAD and the United Nations Economic Commission for Europe also created and have been maintaining a repository of country experiences in collaborative trade facilitation platforms and committees.

12. In accordance with the mandate in paragraphs 107 and 166 of the Accra Accord, UNCTAD also continued to conduct capacity-building activities and to provide advisory services on a variety of issues. In 2009, written advice and responses were provided in relation to a broad range of legal issues that span (a) the United Nations Convention on a Code of Conduct for Liner Conferences 1974; (b) important sources of law on marine insurance and multimodal transport contracts; (c) aspects of UNCTAD Model Cargo Insurance Clauses; (d) the regime of mineral resources exploitation under The United Nations Convention on the Law of the Sea (UNCLOS) 1982; and (e) the status of ratification of international Conventions adopted under the auspices of UNCTAD. In addition, responses to various requests for information, data and clarifications were also provided on ad hoc basis.

13. As part of capacity-building work undertaken in 2009, the UNCTAD secretariat also provided (a) lectures on transport and trade facilitation at the World Maritime University in Malmö, Sweden; (b) a workshop on dry ports at the Polytechnic University of Hong Kong, China; (c) an Organization for Security and Cooperation in Europe workshop on Integrated Approach to Supply Chain Security for the Mediterranean Region in Malta; (d) the annual conference of the International Association of Maritime Economists, at Universidad del Pacífico in Peru; and (e) the Maritime Development Committee in Trinidad and Tobago. Presentations on key aspects of the United Nations Convention on Contracts for the Carriage of Goods Wholly or Partly by Sea (Rotterdam Rules) were made at the International Conference "Multimodal Transportation of Dangerous Goods" in St. Petersburg, Russian Federation, and the General Assembly of the Association Mondiale des Dispatcheurs, held in Marrakesh, Morocco. Training was delivered in Colombia, Egypt, Switzerland and Indonesia, within the framework of the Virtual Institute and of the Paragraph 166 course. The Trade Logistics Branch also contributed to the delivery of the TrainforTrade Port Training Programme in Malaysia, the Maldives, Mauritius and the United Republic of Tanzania. Cooperation was also provided to the International Association of Freight Forwarders (FIATA) in running a training of trainers programme in the Syrian Arab Republic.

14. The implementation of the ASYCUDA programme continued during 2009 in compliance with the mandate established in Accra Accord paragraph 167, which requests the UNCTAD secretariat to "continue to cooperate with member States in implementing ASYCUDA¹, the automated system for customs data".

15. The ASYCUDA Programme continues to be the largest technical cooperation programme of UNCTAD. In 2009, more than 61 ASYCUDA technical assistance projects were operational, including 11 regional/interregional projects. Within the framework of a regional project being implemented in cooperation with the Common Market for Eastern and Southern Africa secretariat (COMESA), the number of operational sites using the ASYCUDA++ system was extended in Comoros, the Democratic Republic of the Congo,

¹ The ASYCUDA website (www.asycuda.org) provides a comprehensive overview of the system and a presentation of its functionality and country projects, among others.

Eritrea, Seychelles and Swaziland. Activities for the implementation of ASYCUDA++ or for the migration to ASYCUDA++ continued in Afghanistan, Botswana, Cameroon, Congo, Guinea, Malawi and Nigeria. New projects for the implementation of the ASYCUDA++ system started in Guinea-Bissau, Equatorial Guinea and Sierra Leone.

16. A technical assistance project funded by the European Union continued to (a) support activities with the CEMAC (Communauté Economique et Monétaire d'Afrique Centrale) secretariat; (b) improve the current national customs systems; and (c) develop and implement a regional transit system, based on ASYCUDAWorld. This project, which includes a large series of activities (e.g. training, documentation, regional support, etc), will, in its transit component, first focus on two corridors (Douala–Bangui and Douala–N'djamena) and, in a second stage, will extend to all seven countries of the region.

17. In 2009, the latest version of the Internet-based ASYCUDA became operational in Albania, Côte d'Ivoire, Georgia, Haiti, Jordan (for both the National Customs Administration and the Aqaba Economic Free Zone Authority), Lebanon, Moldova, Palestinian Authority and the Syrian Arab Republic, covering the full customs clearance process. In 2009, the ASYCUDAWorld system went live in Cambodia and implementation activities started or continued in Gibraltar, the Islamic Republic of Iran, Liberia, the Libyan Arab Jamahiriya, the Maldives, Sao Tome and Principe, Sri Lanka, Tunisia, the Bolivarian Republic of Venezuela and Zimbabwe.

18. In 2009, the ASYCUDA Central Team continued to provide technical assistance and support (online, by mail, phone, etc, for system maintenance) and in the field (for implementation of new releases, adaptation to new hardware or software, improvement of functionalities etc). Approximately 240 missions undertaken by staff or consultants (training not being accounted for here), were organized in partner countries. In the spirit of South–South cooperation, more than 60 per cent of these missions were carried out by experts from ASYCUDA-user countries.

19. Regarding know-how transfer and capacity-building, in 2009, 74 ASYCUDA training sessions were held worldwide at the national and regional levels on customs and information and communication technology (ICT) matters. The functional courses covered mainly selectivity and risk management, customs valuation and implementation of transit. The ICT courses focused on database structure and administration, information exchange and telecommunications, Web technology and ASYCUDA maintenance and development.

20. Research and development activities continued in 2009 with a view to extending the ASYCUDA functionality to embrace the concept of Single Window (SW) for International Trade. The SW will allow connecting the other government agencies to the customs system for the electronic exchange of data and documents, setting the basis for the implementation of e-customs and e-government, and opening for the trade community the access to a paperless environment. In this context, a project was signed with the Ministry of Agriculture of Netherlands for the integration of their CLIENT Export System into the ASYCUDA System and the piloting of an ASYCUDA/CLIENT Export System for the computerization of export operations, including the issuing of Export Control Certificates. The activities of the project are scheduled to start in January 2010.

21. Agreements have also been recently reached for close cooperation with the European Commission Taxation and Customs Union Directorate-General (EC–TAXUD) and the World Customs Organization (WCO) Secretary-General Office on research, development and implementation issues of specific respective interests. The EC-TAXUD Customs Policy Directorate is planning the development of a paperless self-declared certificate of origin system with which European Union trade partners could interface and operate exclusively through a single electronic platform. The ASYCUDA system could consider incorporating relevant data elements format and structure as developed and

specified by competent units of EC–TAXUD Customs Policy Directorate. As regards the specific interest of the WCO secretariat, a close cooperation with the ASYCUDA programme will contribute to the implementation of the WCO Data Model version 3.0 currently being finalized.

22. The impact of the ASYCUDA projects can be assessed by various institutional and trade facilitation benchmarks, including increased revenue, improved trade facilitation, shorter clearance times and availability of timely and reliable trade statistical data. The consistent enforcement of the customs and related legislation nationwide and the automatic calculation of duties and taxes result in the increase of state budget revenue, while reliable and timely trade and fiscal statistics assist governments in planning their economic policy. It is likely that ASYCUDA's latest version will have a major impact on e-business and e-government transactions, making international trade simpler and cheaper, while making international markets more accessible to enterprises from developing countries. An important factor for success of the projects is the willingness to change and the commitment and full support of the Government.

IV. Research and analysis on transport and trade facilitation

23. Paragraph 164 of the Accra Accord states: "In the area of trade facilitation, transport and related services of interest to developing countries, UNCTAD should continue to analyse issues that affect the trade and transport of developing countries and international supply-chain security. It should also disseminate its analyses and relevant information, and promote the exchange of experiences.

24. Paragraph 165 of the Accra Accord states: "UNCTAD should undertake research to develop policy recommendations that will enable developing countries to cut transport costs and improve transport efficiency and connectivity. The research should pay special attention to the needs of the most vulnerable economies, and in particular to the development and implementation of coherent transit systems that will benefit landlocked developing countries and transit developing countries, taking into account the Almaty Ministerial Declaration and Programme of Action. Attention should also be paid to the promotion of multimodal transport.

25. Paragraph 168 of the Accra Accord states: "Through its research and policy analysis, UNCTAD should help developing countries make informed policy choices to address the environmental challenges in relation to transport strategies, and to help identify associated capacity-building needs and appropriate regulatory responses.

26. In accordance with its mandate (paras. 164, 165 and 168 of the Accra Accord), and bearing in mind the particular interests of developing countries, UNCTAD continued its research and analytical work in the field of transport and trade facilitation. In 2009, the results of UNCTAD's work were widely disseminated through recurrent publications such as the annual *Review of Maritime Transport* and the quarterly *Transport Newsletter*. The 2009 edition of the *Review of Maritime Transport* covered a broad range of issues that have a bearing on the transport and trade of all countries, especially countries in developing regions. The issues addressed include (a) developments in international seaborne trade and world fleet; (b) ports and cargo throughput; and (c) regulatory and legal developments in the field of transport and trade. For 2009, the *Review of Maritime Transport* paid particular attention to developments in Africa's trade and maritime transport sectors. In addition, a significant contribution on transport issues was made to UNCTAD's *Economic Development in Africa Report 2009*.

27. As part of the *Review of Maritime Transport's* coverage of important developments in the field of transport law, the 2009 edition provided an analytical overview of key

features of a new United Nations Convention in the field of carriage of goods. In December 2008, the *United Nations Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea* was adopted by the General Assembly, following years of preparatory work carried out under the auspices of the United Nations Commission on International Trade Law (UNCITRAL). As will be recalled, the UNCTAD secretariat had, since 2002, actively participated in the relevant UNCITRAL Working Group meetings and had provided substantive analytical comments for consideration by the Working Group throughout the drafting process. Relevant documentation, highlighting potential areas of concern, in particular from the perspective of developing countries, is available on the UNCTAD website.² The new Convention, to be known as “The Rotterdam Rules”, establishes a mandatory liability framework for international carriage of goods by sea and for international multimodal transport involving a sea leg. It also covers a number of issues currently not subject to international uniform law. Particularly in view of the complexity of the new legal instrument and the need of policymakers to assess the merits of its ratification, analysis of the provisions of the new Convention is of importance and one of the ongoing priorities of the Policy and Legislation Section of the Trade Logistics Branch.

28. In 2009, the quarterly *Transport Newsletter* included substantive articles pertaining to various issues that affect transport and trade. These included, for example, (a) national trade facilitation coordinating mechanisms; (b) liner shipping connectivity, with a special focus on Africa and South America; (c) dry ports; (d) the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention); (e) maritime transport and the climate change challenge; (f) linkages between the global economic crisis and shipping; (g) updates on ASYCUDA; (h) the Global Facilitation Partnership for Transportation and Trade; (i) Saint Lucia’s National Trade Facilitation Task Force; (j) the WTO Trade Facilitation Self-Assessment in Afghanistan; (k) public and private partnerships for the development of infrastructure to facilitate trade and transport; (l) transit ports servicing landlocked developing countries; (m) a train-the-trainer course of the International Federation of Freight Forwarder Associations; (n) designing and implementing trade facilitation in Asia and the Pacific; (o) the third meeting of Trade Ministers of Landlocked Developing Countries; and (p) an update on UNCTAD’s Port-Training-Programme.

29. The results of UNCTAD’s research and analytical work are also disseminated in the form of non-recurrent publications, studies and reports. In 2009, UNCTAD completed an empirical study investigating the effect of rising oil prices on maritime transport costs (UNCTAD/DTL/TLB/2009/2). The study used regression analysis to estimate the degree of sensitivity of maritime freight rates to changes in oil prices, focusing in particular on container trade. The analysis was also extended to cover dry (i.e. iron ore) and liquid bulk (oil) trades. Oil prices were found to affect maritime freight rates. As regards container trade, results indicate the presence of a structural break in the data whereby beyond a given threshold of oil prices, container freight rates become more sensitive to a rise in oil prices. This entails some implications for maritime transport and trade if oil prices resume their spiralling trend observed in 2007 and 2008, and reach sustained high (and possibly unprecedented) levels as a result of increasing supply constraints expected over the coming decades. The results of the study provide a contribution to existing literature concerned with improving the understanding of oil prices as a determinant of maritime transport cost and their broader implications for transport and trade.

30. UNCTAD also continued its research pertaining to access to world markets through further analysis of UNCTAD’s Liner Shipping Connectivity Index (LSCI). First introduced

² www.unctad.org/ttl/legal.

in 2004, the LSCI is based on five components: (a) number of ships; (b) the container carrying capacity of those ships; (c) the number of companies; (d) the number of services; and (e) the maximum ship size deployed to provide services to a given country. In 2009, China continued to be the country with the highest LSCI, followed by Hong Kong (China), Singapore, the Netherlands and the Republic of Korea. Reflecting the effect of the global economic crisis, the number of ships, their total twenty-foot equivalent unit (TEU) carrying capacity, the number of services and the number of companies per country, all decreased between July 2008 and 2009. Only the maximum vessel size continued to increase. In spite of the economic crisis, new and larger vessels are being delivered by the world's ship yards.

31. Responding to the mandate as provided in Accra Accord paragraph 168 aimed at addressing relevant environmental challenges in relation to transport strategies, and following the first session of the Multi-year Expert Meeting on Transport and Trade Facilitation, held in February 2009, with a focus on "Maritime Transport and the Climate Change Challenge", the UNCTAD secretariat prepared a summary of the proceedings of the expert meeting, to present the key issues discussed by the experts and to make their insights available to a broader audience (UNCTAD/DTL/2009/1). The document was also made available to the United Nations Framework Convention on Climate Change Conference in Copenhagen, as part of UNCTAD's contribution to the important debate about appropriate action to address the challenge of climate change. As may be recalled, the expert meeting, which brought together about 180 delegates from 60 countries, 20 organizations (United Nations agencies, and intergovernmental and non-governmental organizations) and representatives from the international shipping and port industries, had been the first of its kind to deal with the multiple challenges of climate change for the maritime sector in an integrated manner, focusing both on mitigation and adaptation, as well as on related issues such as energy, technology and finance.

32. The UNCTAD secretariat also continued to monitor and report, in the *Review of Maritime Transport 2009*, on other environmental-related developments affecting transport and trade, including under the auspices of the International Maritime Organization. Moreover, it has commenced work to examine aspects of the international regulatory framework dealing with liability for ship-source oil pollution with a view to improving the understanding of these issues and providing policy guidance to decision-makers in developing countries in respect of the adoption of relevant international conventions.

V. Intergovernmental and consensus-building activities

33. In December 2009, the UNCTAD secretariat convened the second session of the Multi-year Expert Meeting on Transport and Trade Facilitation, which focused on "Public and Private Partnerships for the Development of Infrastructure to Facilitate Trade and Transport". The secretariat prepared a background note reviewing the impact of the economic and financial crisis on transport and trade support services and infrastructure and highlighting cooperative schemes to improve transport efficiency and facilitate trade. The note also looked at the specific needs of landlocked and transit developing countries, cooperative arrangements triggered by WTO negotiations on trade facilitation and the role of technology in developing and operating efficient transport and trade facilitation infrastructure and services. Experts at the meeting discussed UNCTAD's role in relation to the implementation of the Almaty Programme of Action, which addresses the special needs of landlocked and transit developing countries and noted the need to advocate for specific public-private partnership approaches and models to deal with transit facilitation. Experts also encouraged UNCTAD to continue its successful support to developing countries in the context of the Doha round of negotiations and its Development Agenda. The background

note (TD/B/C.I/MEM.1/5) and the report of the meeting (TD/B/C.I/MEM.1/6) have been made available to the Commission.
