

# UNCTAD Transport Newsletter

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## Contents

Editorial.....	3
Subscriptions.....	3
Expert Meeting on Trade Facilitation as an Engine for Development .....	4
Meeting of the Global Facilitation Partnership – GFP .....	5
Update on the current World Trade Organization Services Negotiations .....	5
The growing need for trade and transport facilitation .....	8
GFP – featured topic “Paperless Trade” .....	10
GATT documents on-line .....	11
The Department of International Transportation and Logistics of UIBE in China .....	12
The Trade Facilitation Maturity Model .....	12
OECD Global Forum on Trade.....	14
Containerized trade forecast .....	15
Global Facilitation Partnership On-Line Agenda .....	14

## NOTE

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

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## Editorial

Dear readers:

Trade and transport facilitation is increasingly important for developing countries' competitiveness. Although trade competitiveness on its own is not sufficient to overcome poverty and achieve sustainable development, it is a necessary condition without which economic growth, development and poverty reduction will not usually be achievable (page 8). In this issue of the Transport Newsletter, you will find several articles that deal with recent developments in international trade and transport and related topics, including a Trade Facilitation Maturity Model (page 12), and Paperless Trade (page 10). We would like to particularly highlight the invitations to our "Expert Meeting on Trade Facilitation as an Engine for Development", to take place on 21–23 September in Geneva (page 4), and to the next meeting of the Global Facilitation Partnership GFP, to take place on 20 September (page 5).

Several brief articles refer to activities or publications of colleagues at the WTO (page 11), OECD (page 14) and the UIBE (page 12).

In an update on the current WTO Services Negotiations (page 5), we look at the current status of the services negotiations, with a special focus on transport services. Regarding container shipping, you will find a forecast of containerized trade on page 15.

For feedback, comments, and suggestions for our next Transport Newsletter (3<sup>rd</sup> Quarter 2005), please contact Jan Hoffmann at [jan.hoffmann@unctad.org](mailto:jan.hoffmann@unctad.org) before September.

Your Team of the Trade Logistics Branch

Geneva, July 2005

## Subscriptions

To subscribe or unsubscribe to the UNCTAD Transport Newsletter, please use the following on-line form: <http://extranet.unctad.org/transportnews>.

For past issues of the Transport Newsletter, please visit [www.unctad.org/transportnews](http://www.unctad.org/transportnews).

## **Expert Meeting on Trade Facilitation as an Engine for Development**

The Expert Meeting on Trade Facilitation as an Engine for Development, convened in accordance with the decision taken by the Commission on Enterprise, Business Facilitation and Development at its ninth session, will be held from 21 to 23 September 2005. The Meeting will open at the Palais des Nations, Geneva, at 10 a.m. on Wednesday, 21 September 2005. Simultaneous interpretation will be provided in the six official languages of the United Nations.

### **Background and purpose of the Meeting**

Long waiting times at border crossings or at ports, inappropriate fees or formalities, and unclear trade and transport rules and regulations can all become serious obstacles to trade and as a consequence adversely affect investment and the creation of employment. Developing countries depend on effective trade facilitation for their development process; they will only benefit from the opportunities arising from the “new geography of trade”, including increased exports of manufactured goods and more South-South trade, if their imports and exports are not confronted with excessive transaction costs, uncertainty and delays. Developing countries must be proactive in designing and implementing trade and transport facilitation measures for enhancing efficiency, reducing transaction costs and maintaining supply capacities.

With its inclusion in the WTO General Council Decision (the July 2004 Package), trade facilitation remains at the forefront of the development agenda of most developing countries, with increased activities aimed at raising awareness and capacity building. WTO Members have started a negotiating process on trade facilitation with a focus on the clarification and improvement of GATT 1994 Articles V, VIII and X, which deal respectively with transit issues, fees and formalities, and the transparency of trade procedures.

During the three-day meeting, experts and resource persons will analyse the increased need for trade and transport facilitation and the insertion of facilitation measures into the development process. They will further discuss ways of establishing national needs and priorities as regards trade and transport facilitation, as well as the requirements in terms of technical assistance and capacity building to implement specific trade facilitation measures that aim at building the required institutional, commercial, legal and operational environment for effective integration into the global economy.

### **Participation**

Member States of UNCTAD are requested to nominate experts at an early date and not later than 31 August 2005. Experts, who will participate in the Meeting in their personal capacities, are expected to have proven expertise in the subject and may be selected from governmental and non-governmental organizations, private entities or academia. The Meeting may be of particular interest to government officials and representatives of the private sector dealing with trade and transport issues, customs, trade and transport law, and trade facilitation and security matters.

Specialized agencies and intergovernmental bodies wishing to participate in the Meeting, as well as non-governmental organizations in the General Category and those in the Special Category wishing to participate as observers, are requested to inform the UNCTAD secretariat of the names of their representatives by 31 August 2005.

## **Background documents and contributed papers**

In order to facilitate discussion, the secretariat is preparing a background note, which will be circulated as TD/B/COM.3/EM.24/2.<sup>1</sup>

Experts are encouraged to submit written contributions related to their country's experience on the subject under discussion. These papers will be made available to the Meeting in the form and language in which they are received.

## **Further information and contact details**

Nominations and related communications concerning representation at the Meeting should be sent to the UNCTAD secretariat, Intergovernmental Affairs and Outreach Service, Palais des Nations, CH-1211 Geneva 10; fax: + 41(0) 22 917 0056; e-mail: [correspondence@unctad.org](mailto:correspondence@unctad.org).

Enquiries concerning substantive issues should be addressed to Mr. Bismark Sitorus, Economic Affairs Officer, the coordinator of the Expert Meeting in the substantive division (Division for Services Infrastructure for Development and Trade Efficiency); office E.7032, Palais des Nations, CH-1211 Geneva 10; tel: +41 (0) 22 917 2094, fax: +41 (0) 22 917 0050, e-mail: [bismark.sitorus@unctad.org](mailto:bismark.sitorus@unctad.org).

<http://www.unctad.org/Templates/meeting.asp?intItemID=1942&lang=1&m=10490>

## **Meeting of the Global Facilitation Partnership – GFP**

The next GFP meeting is to be held on Tuesday, 20 September, in Geneva at the Palais des Nations, hosted by UNCTAD. The GFP is above all a coordinating mechanism, and its meetings are a unique opportunity to exchange experiences and updates on ongoing and planned activities of its partners. At the same time, it is also planned to allow for substantive discussions, including a panel debate about the private sector's role in the support to trade facilitation agenda.

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*See also [www.gfptt.org](http://www.gfptt.org)*

## **Update on the current World Trade Organization Services Negotiations**

During the Uruguay Round of multilateral trade negotiations that concluded in 1994, the 124 participants recognized the need for a comprehensive set of rules governing the growing trade in services. To ensure that all countries, regardless of their size or economic power, traded services under an agreed set of clear and predictable rules, World Trade Organization (WTO) Members negotiated the General Agreement on Trade in Services (GATS).

The GATS has a core set of rules that commits all Members, inter alia, to inform one another of the conditions for doing business in their countries (Transparency); ensures Members are committed to treating all service providers equally at the border (Most Favoured Nation); and provides all Members access to WTO dispute resolution mechanisms. In addition, the GATS provides for negotiated commitments (Schedule of Commitments) that ensure that service

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<sup>1</sup> The background document will be available under

<http://www.unctad.org/Templates/meeting.asp?intItemID=1942&lang=1&m=10490&info=doc>

providers have access to the domestic market (Market Access) and are treated no less favourably than nationals (National Treatment).

The GATS specifically excludes services supplied under governmental authority, and states that liberalization is to take place with due respect for national policy objectives and the level of development of individual Members.

Similar in principle to the General Agreement on Tariffs and Trade (GATT), which deals with trade in goods, the primary goal of the GATS is progressive liberalization of trade in services. Services negotiations formed part of the Development Agenda of the Fourth Ministerial Conference held in November 2001 in Doha, Qatar. The Ministerial Conference launched the current round of the WTO negotiations which, among other things, seek to further liberalize the services sector in order to promote growth in all member economies with a focus on developing and least-developed countries.

The Doha Ministerial Conference set in motion the market access phase of the services negotiations which are conducted on a request/offer basis. In the request phase, each WTO Member requests other Members to take commitments in sectors of commercial interest to its services providers. In the offer phase, each Member's offer takes into account the basic negotiating parameters that it has set for itself, as well as the various requests that it has received from other Members. At the end of the negotiation process, the results of the bilateral request-offer negotiations will be made available on a most-favoured-nation basis. In this way, all Members benefit from the bilateral negotiations, regardless of whether they were involved in the negotiation process.

In addition to market access negotiations, WTO Members are also negotiating possible rules related to services trade in a number of areas, including: emergency safeguard measures, subsidies and domestic regulation.

### **Current Status of the Services Negotiations**

As provided for by the Doha Ministerial Conference, a large number of WTO Members submitted initial GATS requests in 2002 and tabled initial offers at the end of March 2003. Nevertheless, the negotiation process lost momentum and stalled when the Fifth Ministerial Conference held in September 2003 in Cancún, ended in deadlock. The main task of the Cancún Conference was to take stock of progress in negotiations and other work under the Doha Development Agenda. WTO Members efforts to put the negotiations back on track resulted in the July 2004 Package that allowed negotiations to advance to a more detailed phase. With respect to services negotiations, the July Package reaffirmed Members' commitment to progress in this area of the negotiations in line with the Doha mandate and set May 2005 as the deadline for the submission of revised services offers.

The initial and revised offer process continues since several WTO Members have only recently submitted their initial services offers while others tabled their revised offers as per the July 2004 Package. According to the WTO, as of June 2005, 61 initial/revised offers have been submitted. Initial offers were recently tabled by Albania, Brunei Darussalam, Dominica, Grenada, Honduras, Indonesia, Jamaica, Pakistan, the Philippines, St. Lucia, Qatar, and Uganda. At the time of this writing, 18 revised services offers have been submitted to the WTO. These were made by Australia, Bahrain, Brazil, Canada, Chile, the EC, Hong Kong China, Iceland, Japan, New Zealand, Norway, Peru, Republic of Korea, Singapore, Suriname, Switzerland, Taiwan Province of China and the United States.

## **Transport Services**

Transport Services, like all services, are included in the current round of negotiations. The classification system that is used in the GATS by most WTO Members divides Transport Services into nine (9) categories: Maritime Transport Services; Internal Waterways Transport; Air Transport Services; Space Transport; Rail Transport Services; Road Transport Services; Pipeline Transport; Services auxiliary to all modes of transport; and Other Transport Services. Worth mentioning is the fact that Air Transport Services are excluded from the scope of the GATS with the exception of the three subsectors listed in the Annex on Air Transport Services namely, Selling and Marketing, Computer Reservation Systems and Repair and Maintenance Services.

It should be noted that for most WTO Members the focus of current negotiations with respect to Transport Services is on Maritime Transport. Nonetheless, some Members such as the EC, New Zealand and Norway contend that the negotiations should extend to Air Transport Services and have therefore offered to take commitments in Ground Handling Services under Air Transport Services.

The attention given in the current round to negotiating improved and more comprehensive commitments in the maritime sector stems from the unsuccessful outcome of the previous round of negotiations. It should be recalled that the Uruguay Round and the 1996 extended negotiations that took place in the Negotiating Group of Maritime Transport Services (NGMTS) resulted in little or no commitments in this sector. The failure of these negotiations is, among other things, attributed to the complexity of the issues at stake such as multimodal transport services.

Against this background, a number of GATS initial and revised offers include commitments in Maritime Transport Services. Of the 61 offers which have been tabled, 27 have maintained existing commitments on Maritime Transport Services while 13 have offered to take new commitments in this subsector. In other words, a total of 40 offers have either existing commitments or offers on Maritime Transport Services. While the scope and the quality of the offers may differ, the tabling of offers in this sector remains an important step toward further liberalization.

Members that included offers in Maritime Transport Services and which offers were made public, include: Australia, Canada, Chile, Columbia, the EC, Japan, Republic of Korea, New Zealand and Norway.

## **GATS and Development**

While the scope of development extends beyond that of trade liberalization, the GATS can support development objectives. The new round of services negotiations could promote global growth and development. Successful negotiations resulting in a reduction of barriers to services trade will benefit all countries by improving access to foreign markets for their export of services. As more foreign markets open, services suppliers can take advantage of economies of scale, and maintain or increase employment. At the same time, increased competition in domestic services market leads to lower prices, increased selection, and better quality services being made available to consumers.

In addition to market access gains, successful negotiations of disciplines on domestic regulation would not only increase the predictability and the transparency of commitments in services sectors, but would also enhance the quality of the commitments under Mode 4 (movement of natural persons on temporary basis), a services area where developing countries have a strong export interest. Pursuant to Article VI of the GATS, discussions on domestic regulation are

focusing on developing disciplines relating to qualification requirements and procedures, licensing requirements and qualifications and technical standards.

Developing countries would also benefit from the flexibility provided by emergency safeguard measures to the extent that these provide a safety net for unforeseen developments and allow for requisite adjustments to take place. Furthermore, developing countries stand to benefit from a successful outcome of the negotiations on subsidies that seek to define the meaning and the scope of a subsidy in the context of trade in services and to quantify their potential trade-distortive effects.

This being said, it should be noted that trade liberalization alone will not automatically lead to economic growth and social development. Many domestic regulatory and institutional measures must also be in place to ensure that the benefits and opportunities created by trade liberalization are channelled to all sectors of society. Some of these measures include: good governance; strong macroeconomic disciplines; adequate physical and services infrastructure; tax reform to support social programs; and social safety nets.

Finally, a key factor in guaranteeing the success of the current round of services negotiations is to better coordinate assistance and capacity building to improve developing countries' ability to take advantage of current market opportunities.

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## **The growing need for trade and transport facilitation**

This article introduces ten recent trends and developments that have led to an increased need for trade and transport facilitation in developing countries and LDCs.

### **1) Trade in manufactured goods**

Developing countries are increasingly participating in the global trade in manufactured goods; manufactured goods today account for 80% of developing countries' exports. This trade in manufactured goods tends to be more time-sensitive than trade in raw materials, which used to dominate most developing countries' exports in the past. Many trade facilitation measures aim at a reduction of Customs release times and other ways to increase the speed of trade transactions.

### **2) Intra-company trade**

Trade within companies today accounts for approximately one third of global trade, and this share is growing. A company that engages in global production processes depends on reliable trade rules and procedures. Also, companies often seek a close cooperation with Customs and other entities involved in trade transactions. Such cooperation may even include consultations between the public and private sector during the discussions of new laws and regulations that might have an impact on the costs and fluidity of intra- and inter-company trade.

### **3) Trade in components**

Closely related to the previous two trends is the growing trade in components and unfinished products. Trade in components now accounts for around 30 per cent of global trade in manufactured goods. Deliveries of components that are purchased abroad to be used in global production processes need to be reliable and secure.



#### **4) South-South trade**

Developing countries are increasingly trading with each other. Although still low at around one eighth of global trade, the share of the so-called South-South trade has almost doubled since 1990. Exporters from developing countries that export to other developing countries depend on transparent and reliable trade rules and procedures. Whereas large exporters from developed countries are more likely to be supported by their company's offices or their country's embassies, smaller traders from developing countries and LDCs will only be able to engage in new markets if the information about trade rules and procedures is readily available and, above all, dependable.

#### **5) Expenditure on logistics services**

Logistics costs are mainly composed of transport and inventory holding. Within global logistics expenditures, the share of transport is going up, whereas the share of inventory holding is going down. For the case of the United States, for example, in 1980, expenditure on inventory holding still had a larger share than expenditure on transport, whereas in 2002 expenditure on transport was 90 per cent higher than inventory holding. This trend also applies to international trade, which goes hand in hand with faster, more frequent and more reliable international transport services. Any trade and transport facilitation measure that increases handling speeds effectively also reduces the involuntary holding of "inventory" of cargo on trucks or in containers that are waiting at border crossings or in ports.

#### **6) Technologies**

International trade transactions increasingly use modern and standardized information and communication technologies. Containerization, too, is a technology that has helped to promote multimodal door-to-door transport services (see also the chart on page 15). Customs and other government authorities need to take these technological developments into account so as to avoid becoming the weakest link within a global supply chain. Trade and transport facilitation measures such as Customs automation, the acceptance of electronic documents, and single windows help traders and logistics providers to fully benefit from the use of modern technologies.

#### **7) Improved transport services and infrastructure**

In many countries, ports and international transport services have been modernized and liberalized since the beginning of the 1990s. This has led to significantly improved port and logistics operations. However, the fast turnover of vessels or containers in ports, which is nowadays measured in hours or even minutes, is of little use if posterior Customs procedures take days or weeks. The capacity of numerous ports today is effectively limited due to containers waiting for clearance in the yard. Risk analysis and other trade and transport facilitation measures that help to reduce delays or physical inspections are necessary complements to private and public sector investments in transport technologies and infrastructure.

#### **8) Trade liberalization**

As a result of regional and global trade liberalization during the last decades, Customs duties have been declining to levels where further reductions of tariffs are no longer meaningful for many products. For most developing countries' exports to developed countries, average international transport costs today are two to three times higher than import Customs duties in the destination country. Efforts to further promote trade have thus shifted to the reduction of transaction costs and times, focussing in particular on transport operations (see previous point) and trade and transport facilitation.

## 9) Trade negotiations

In view of the above-described trends, trade and transport facilitation has been included in the agendas of several regional and global trade negotiations. Most notably, the World Trade Organization has since August 2004 initiated negotiations on trade facilitation. These negotiations themselves have led to a further increase of the priority developing countries and the international community attach to the issue, including to the provision of technical assistance and capacity building.

## 10) The development process

Poverty reduction requires economic growth, and economic growth depends ever more on a country's competitiveness in international trade. Increased foreign trade is not a sufficient condition for poverty reduction, but it is a necessary requirement within any broader development strategy.

Many trade and transport facilitation measures do not only promote trade, but often also have other positive side effects for a country's development. The introduction of new technologies by the public sector, for example, may also encourage a country's smaller importers and exporters to embark on a modernization of their own trade procedures; Customs automation and risk analysis may help to reduce corruption; and capacity building initiatives to support trade and transport facilitation will most likely raise the general level of technology-awareness and -literacy.

All in all, trade and transport facilitation has to be seen as part of a broader development strategy that not only improves a country's competitiveness, but also enhances the introduction of new technologies, good governance and capacity development.

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## **GFP – featured topic “Paperless Trade”**

As in previous issues of the Transport Newsletter, we include information about the “featured topic” of the Global Facilitation Partnership (GFP: [www.gfptt.org](http://www.gfptt.org)).

“Paperless trade” refers to a trade system where trade information is exchanged through dematerialised, structured trade documents, based on open and agreed standards.

Under growing pressure for greater efficiency and security of international supply chains, both Governments and the private sector are increasingly looking for ways to move away from a paper based document system towards paperless information exchange. Paperless trade can, indeed, significantly reduce the risk of global trade through less and better data and increase efficiency by reducing trade-transaction costs. At the same time, the transition to the worldwide paperless trade is likely to be a gradual process, requiring an active management both by the private and public sectors. The UNECE believes that in the foreseeable future paper based means of information exchange will continue to play an important role in international trade. The main issue in transition to paperless trade is, therefore, not to abolish paper but rather to find ways that allow traders and administrations to use electronic documents, were they offer advantages, and to have the possibility to fall back to paper when needed. This provides a dual (paper and paperless) information exchange in international trade, where traders and countries can access to paperless trade depending on their needs and technical capabilities.

Almost all GFP core partners contribute to the efforts in implementing paperless trade worldwide, while a number of regional and interregional organizations, such as APEC, EU, and ASEM work actively on introducing paperless trading environment in their countries.

To support the transition to paperless trade, the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) has recently organized an Executive Forum “Paperless Trade in International Supply Chains: Enhancing Efficiency and Security”, whose goals were to achieve an enhanced understanding by the stakeholders of the role of paperless trade for efficiency and advanced information management; identify the main obstacles to the large-scale implementation of paperless trade; and to define a global agenda for the migration from paper to paperless trade.

### **Web links**

Proceedings of the Executive Forum:

<http://www.unece.org/forums/forum05/presentations/presentations.htm>

Concept paper United Nations electronic Trade Documents UNeDocs project:

<http://www.unece.org/etrades/unedocs/stview.pdf>

To test electronic trade documents (download and execution on PC):

[http://www.unece.org/etrades/unedocs/referenceimpl\\_ms.htm](http://www.unece.org/etrades/unedocs/referenceimpl_ms.htm)

[http://www.unece.org/etrades/unedocs/referenceimpl\\_ac.htm](http://www.unece.org/etrades/unedocs/referenceimpl_ac.htm)

Web Services for digital trade documents :

<http://www.unemed.net/edocs/services.htm>

*For further information about this topic contact Azhar Jaimurzina at [azhar.jaimurzina@unece.org](mailto:azhar.jaimurzina@unece.org) or visit [www.gfptt.org/topics/paperless](http://www.gfptt.org/topics/paperless)*

## **GATT documents on-line**

The WTO, on 19 April 2005, welcomed the launch by Stanford University Libraries and Academic Information Resources (SULAIR) of a website to permit public access to de-restricted documents of the GATT, the predecessor of the WTO.

“The WTO has worked with SULAIR to make this historic collection accessible to the public as part of our on-going efforts to share information that contributes to a better understanding of the WTO and the multilateral trading system,” said WTO Director-General Supachai Panitchpakdi. “The work carried out by SULAIR to scan these thousands of documents and make them available through the Internet will be especially important for academics, trade specialists and others with an interest in how the trading system evolved in the GATT era, from 1947 to 1994.”

Another objective of the project carried out by SULAIR and the WTO was to ensure the preservation of this unique collection of documents, which had until now only been available in the original paper versions. The collection being made available by SULAIR consists essentially of English language documents.

The WTO website currently offers public access to over 150,000 WTO official documents in English, French and Spanish from 1995 to the present. The addition of GATT documents from 1947 to 1994 on the SULAIR website will be a complement to the WTO collection.

The WTO Secretariat has worked with the SUL team to sort and organize the GATT documents, under an agreement which saw SULAIR assume the costs for the work of scanning and converting the documents to electronic versions.

*GATT archives:* <http://gatt.stanford.edu/page/home>

## **The Department of International Transportation and Logistics of UIBE in China**

The University of International Business and Economics (UIBE), the most recent addition to UNCTAD's Virtual Institute Network membership, is one of the first in China to initiate under- and graduate-level programs on International Transportation and Logistics.

UIBE has dedicated an entire department to international transportation and logistics issues. The department offers an undergraduate level program on Economics (concentrating on transportation economics), a graduate study and research program leading to a Master's degree in International Trade. A specialization at the Ph.D. level (concentrating on International Transportation and Logistics) is also offered.

In addition, the department has edited several textbooks used by students around the country. Two examples are the International Freight Transportation Practice and the Contemporary Logistics Management. The department undertakes research projects in transportation and logistics and also provides consulting services to industries.

Members of the Virtual Institute Network aim to enhance the curricula, knowledge, training skills and research expertise in the areas of trade, investment and development in order to build the capacity of future generations of decision makers. UIBE undertakes research projects analyzing China's transportation and logistics systems in an open economy, and publishes working papers on transportation and logistics issues in a country that is probably one of the fastest changing economies of the world.

UIBE's recent admission to the Virtual Institute Network will further strengthen and enhance the institute's research, training and knowledge capacity.

*For further information about the University of International Business and Economics, School of International Trade and Economics, see [http://www.uibe.edu.cn/upload/uibe\\_eng/schools/SITE.htm](http://www.uibe.edu.cn/upload/uibe_eng/schools/SITE.htm)  
For information about the UNCTAD Virtual Institute, see <http://vi.unctad.org>  
Vlasta Macku, Chief, Training Capacity Development Section, UNCTAD, [vlasta.macku@unctad.org](mailto:vlasta.macku@unctad.org)*

## **The Trade Facilitation Maturity Model**

This information paper has been submitted to the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) by the United Kingdom to draw the attention of other delegations to a new, free, and potentially very useful tool which has been developed by experts in international trade transactions.

The tool will promote trade facilitation generally, provide self learning opportunities to a wide range of the participants in international trade, and will reference the recommendations and products of UN/CEFACT, other members of the UN system such as UNCTAD and ITU, and relevant international organizations.

The Trade Facilitation Maturity Model (TFMM) has been developed and is owned by a UK-based, non-governmental, non-profit making, company. The TFMM is a free self assessment self learning tool whose objective is to improve the trade facilitation performance of all countries, irrespective of their stage of economic development, and of all trading entities, irrespective of their size or level of technology access. It allows anyone, who is developing international trade, or who is responsible for government policy, or government operations in the international trade arena, to measure and benchmark performance against global best practice according to the appropriate country and job profile, and to receive guidance on how the performance achieved might be improved.

Access to the TFMM is via a website and the website will also allow participants to develop and maintain a personal and confidential action plan. However, mindful that web access is available to less than 20 per cent of the world's population, a paper version will be available for key parts of the model.

### **How does the TFMM work?**

The TFMM is a self assessment tool, and the first step is for the participant personally to assess, in relation to the criteria for the four levels of economic development contained in the model, which level the participant believes his or her economy is currently operating at. Having selected the level of his or her economy, the participant then selects one of 12 functional responsibilities or job profiles in the model (or the nearest one to the appropriate job profile). Having selected the economic category and the functional responsibility, the participant answers a series of yes / no questions which allows the model to determine, and offer, relevant best practice for the participant to consider.

### **What does the model NOT do?**

The model focuses on the area of trade facilitation — actions that will improve the efficiency and effectiveness of a country's or trading entity's export or import performance — through the streamlining of the myriad procedures and, critically, the associated and complex information flows that international trade requires. It does not, therefore, cover the development of the marketing and selling policies that a trading entity must have if it is to sell its products successfully in another country. In addition, it does not cover specific regional issues.

### **How will the TFMM be made available and in which languages?**

The TFMM has been designed and developed to be accessed via a website. However, as there are many countries in the world where currently internet access is not easily available, or is often unavailable, a paper version of level 1 is being produced. The master version of the website and the first published version will be in English but as resources become available it fully intended to produce versions in all of the main international trading languages

### **What will the TFMM cost to use?**

The TFMM will be free to the user.

### **Who owns the TFMM, and how is it funded?**

The TFMM is funded by sponsorship from organizations and companies committed to increasing the quality and effectiveness of international trading and service performance, and to the growth of world trade as a way of improving the quality of life of all mankind. The TFMM is owned by the Trade Facilitation Maturity Model Company, an incorporated non-profit making company limited by guarantee, registered in the United Kingdom, and with offices in London and Brussels. It has an international Board of Guarantors, including the Chairman of the former UN/CEFACT Steering Group and advisory and academic supporting boards are being formed. The company's objective is to develop and maintain the TFMM, ensure its integrity, and make it available free of charge to users in all countries.

*Ray Walker, Policy Advisor, Trade Facilitation & eBusiness Chairman, The Trade Facilitation Maturity Model Company (TFMM), [raywalker@skynet.be](mailto:raywalker@skynet.be). For more information see [www.tfmm.org](http://www.tfmm.org)*

## OECD Global Forum on Trade

In the context of the OECD Global Forum on Trade series, the OECD Trade Directorate is organizing a conference on trade facilitation. The event will be held in Colombo, Sri Lanka, on 18–19 October 2005. Participation is welcome from all WTO Member economies.

The aim of the conference is to bring together representatives from government, business, research institutions, civil society and international organizations to discuss the implications of ongoing negotiations on trade facilitation for developing countries.

The conference will discuss:

- the benefits of trade facilitation at country level
- the costs of introducing and implementing trade facilitation measures
- how to identify needs and priorities of developing countries
- how to design appropriate technical assistance and capacity building programs
- how to ensure a proper match between commitments and capacities

*For further information contact [Evdokia.MOISE@oecd.org](mailto:Evdokia.MOISE@oecd.org)*

## Global Facilitation Partnership On-Line Agenda

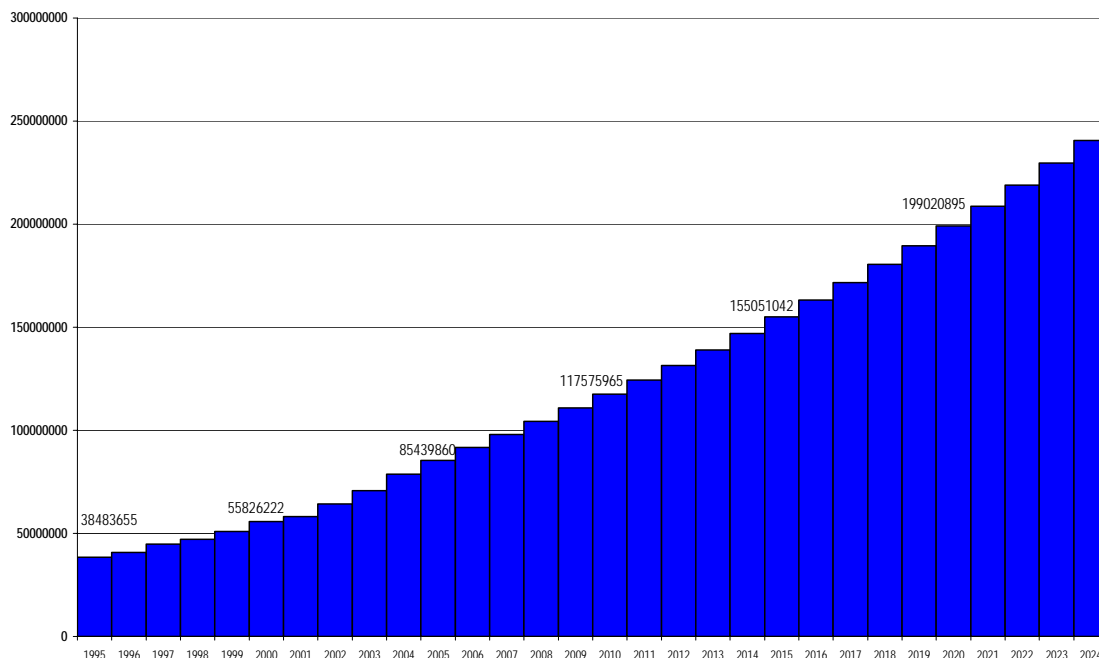
UNCTAD is a core partner of the Global Facilitation Partnership (GFP). The GFP web site is intended to serve as a “single window” of all partners’ activities in relation to trade and transport facilitation. In particular, it is meant to assist in the coordination of events, so as to avoid duplications and overlaps. Readers of the Transport Newsletter, too, may want to include their events related to trade and transport facilitation into this on-line agenda. Registered partners can upload new events themselves; others may want to send their upcoming seminars, conferences or workshops to [jan.hoffmann@unctad.org](mailto:jan.hoffmann@unctad.org).

*For the GFP agenda please visit <http://www.gfptt.org/Entities/EventList.aspx?list=all>*

## Containerized trade forecast

During the last ten years, containerized trade has grown at an average annual rate of 8.3 per cent. In 2004, it grew at a record 11.2 per cent. For 2005, growth is forecasted to amount to 8.6 per cent, reaching 85.4 million twenty-foot equivalent units (TEUs). These growth rates are above the annual increases of global trade because of the still increasing rate of containerization. During the next two decades, growth rates will slightly decrease, as the containerization of trade in goods will reach its technical maximum, and containerized trade will then grow at the same rate as global trade in goods in general. For the next decade, containerized trade is forecasted to grow at an average annual rate of 6.1 per cent; for the subsequent decade, the growth rate is expected to be closer to 5 per cent. (see figure 1).

**Figure 1: Containerized trade in TEU, 1995 -2004, and 2005 – 2024 (forecast)**



Source: GlobalInsight, [Robert.West@GlobalInsight.com](mailto:Robert.West@GlobalInsight.com)