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**Item 7: Evolution of the International Trading System and its
Trends from a Development Perspective**

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Economic Commission for Europe**

Monday, 22 September 2014

*Not checked against delivery **

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Evolution of the International Trading System and its Trends from a Development Perspective

Geneva, Switzerland, 22 September 2014



Removing Regulatory and Procedural Barriers to Trade in Agricultural products



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UNECE Trade

**UNECE -
UN/CEFACT
WP.6, WP.7**

**UNECE in partnership
with other
organizations**

**UNCTAD, WB,
UNIDO, UNDP,
others**

Recommendations/ Standards

Development and
Maintenance
(These are
instruments that
can be used for
compliance with
WTO rules)

Capacity Building and Coordination

(such as helping
governments
elaborate strategies
for implementing ECE
recommendations or
coordinating AfT
activities with others)

Technical Assistance

(To implement
national strategies -
Done by other
agencies – UNECE
does not provide long
term TA)

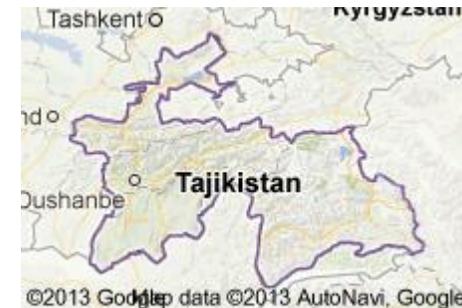
WTO

Develops rules such as those for minimum transparency, equal treatment and, perhaps in the future, for simplified procedures (however, WTO does not develop the recommendations and instruments needed for implementation)

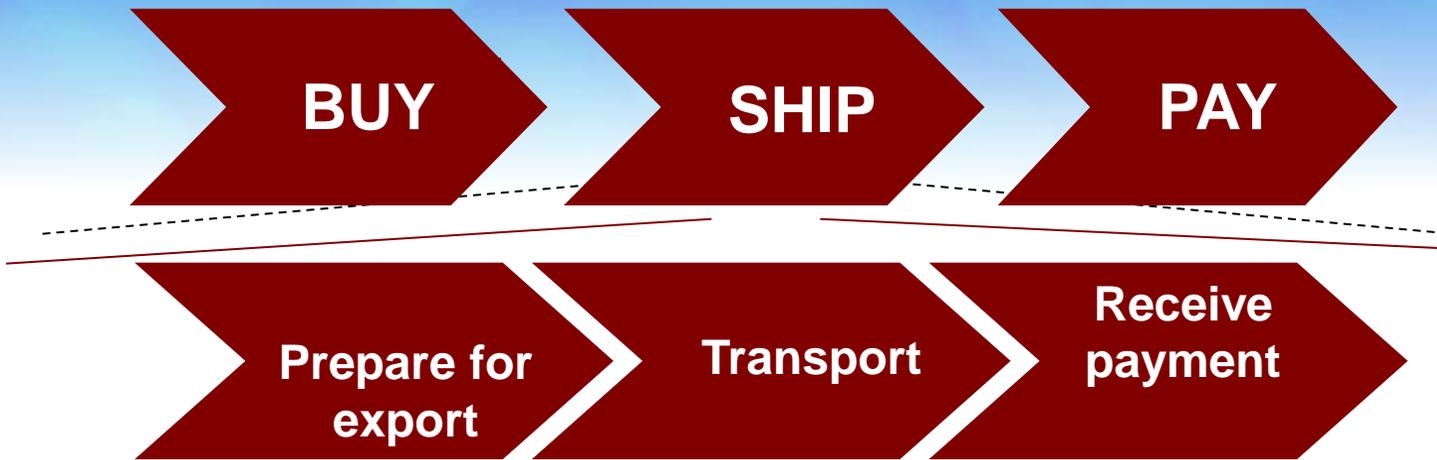


UNECE approach to supporting trade in agriculture

- Identifies system-wide and sector-related regulatory and procedural barriers to agricultural **export competitiveness**. Kazakhstan (2012), Tajikistan (2013), Kyrgyzstan (underway), Albania (starts end 2014).
- **Survey-based (ECE Evaluation Methodology):** Evaluates business processes and regulatory activities across the international trade supply chain
- **Participatory approach:** through National Advisory Committees which include representatives from all stakeholders
- Proposes immediate and long-term **action-oriented recommendations**



System-wide analysis

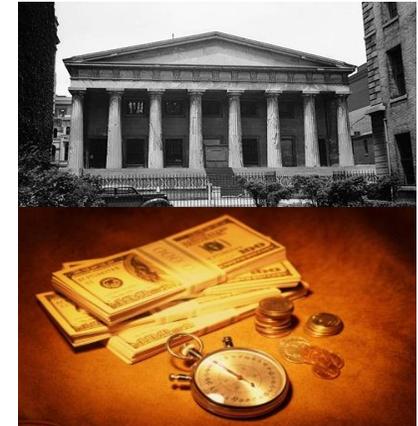
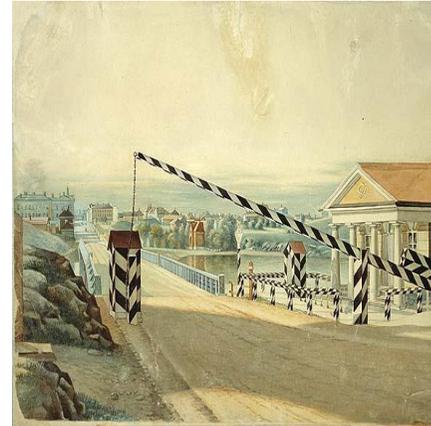


Commercial
Procedures

Transport
Procedures

Regulatory
Procedures

Financial
Procedures



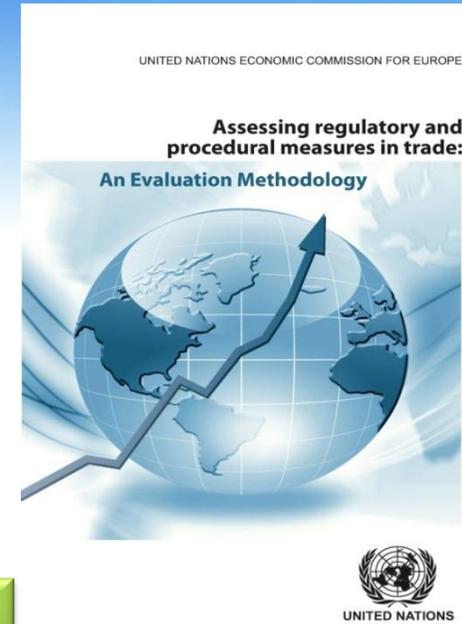
Capturing trade barriers across supply chains



Interplay between trade
facilitation, quality
assurance & transport

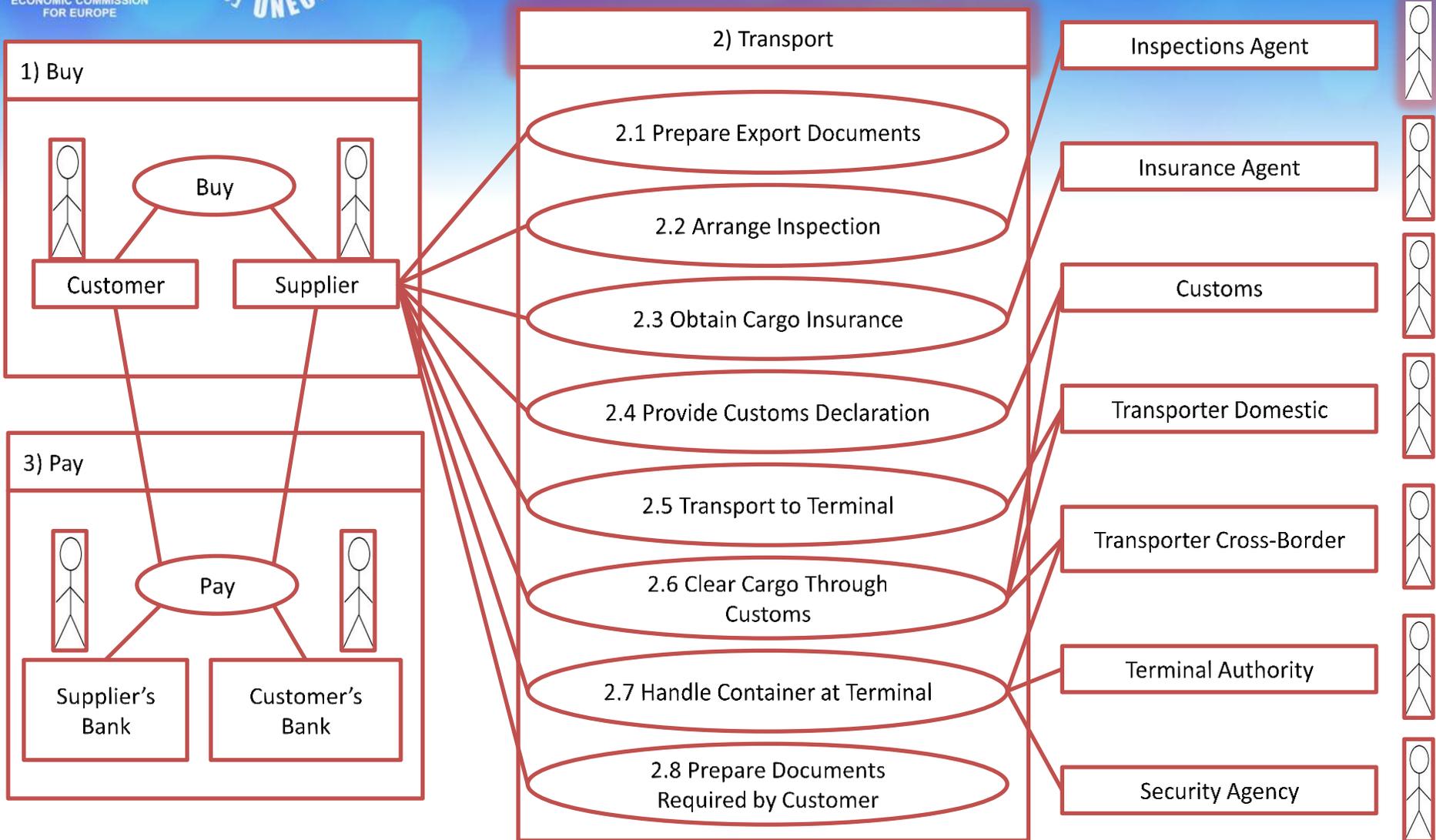
Impact on behind and at-the-border regulations and
procedures

Cost of trade
(in financial and time terms)



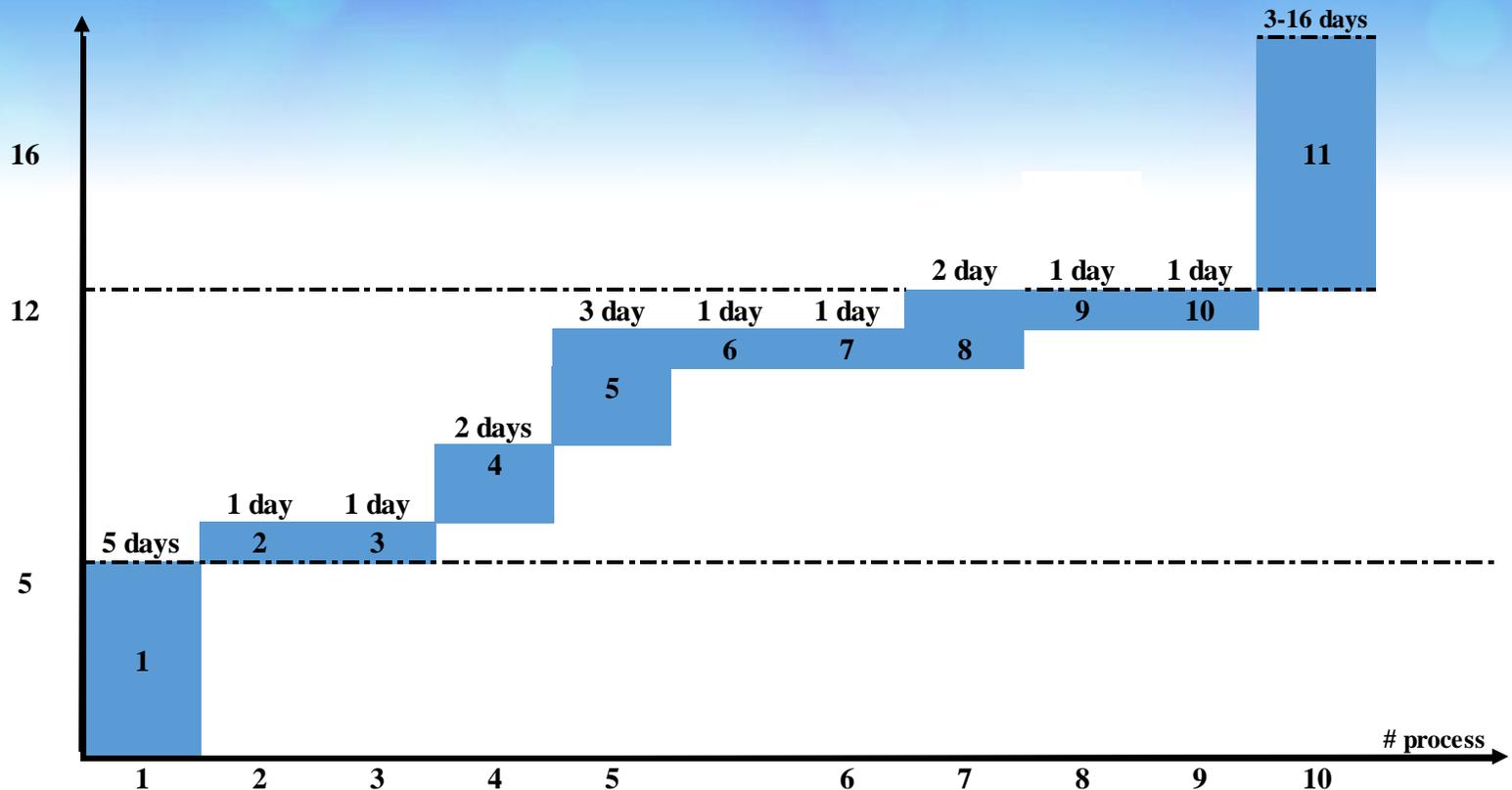


Business Process Analysis for sectoral assessment





Exporting cotton fibre from Tajikistan

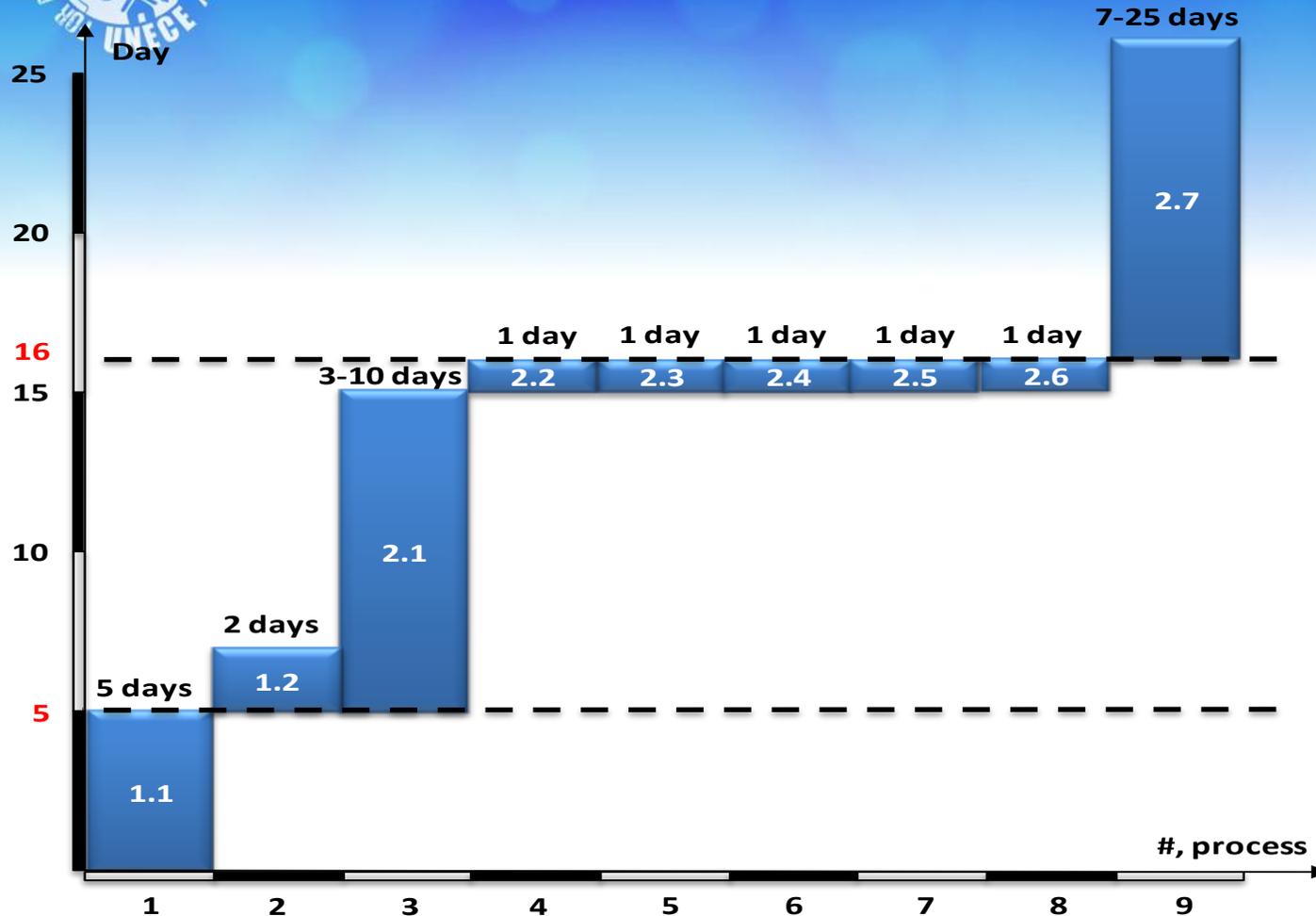


1. Buy: Conclude sales contract
2. Buy: Obtain confirmation receipt payment letter from bank
3. Ship: Obtain quality certificate from ginnery
4. Ship: Arrange transport
5. Ship: Obtain conformity certificate
6. Ship: Loading

7. Ship: Obtain certificate of origin
8. Ship: Arrange inspection and fumigation
9. Ship: Obtain confirmation of tax payment
10. Ship: Arrange customs clearance
11. Ship: Delivery of goods



Exporting flour from Kazakhstan



- 1.1 – BUY: Conclude sales contract
- 1.2 – SHIP: Get Transaction Certificate
- 2.1 – SHIP: Arrange Rail Transport
- 2.2 – SHIP: Get Certificate of Origin

- 2.3 – SHIP: Get Phytosanitary Certificate
- 2.4 – SHIP: Load Transport
- 2.5 – SHIP: Pay for Transport
- 2.6 – SHIP: Do Customs Clearance
- 2.7 – SHIP: Deliver Cargo and Documents



Kazakhstan

Negotiating and concluding the sales contract



Need	Recommendation
<p>Encourage traders to use modern payment methods. The payment methods used by the traders are costly and risky.</p>	<ul style="list-style-type: none">• Promote the use of L/C as this would go a long way toward reducing the buyers' financial burden and minimizing risks. This requires consulting and educating traders as to the best payment measures, since the problem stems from the buyers' aversion to modern payment methods.



Common, Cross-Sectoral Needs That are needed MOST by Agriculture

- More Efficient, Faster Border Clearance**
- Inter-Regional Cooperation, especially for Landlocked Countries**
- Improved Transport Infrastructure**
- Improved Logistical Services**
- Recognized Conformity Assessment/Quality Certification**
- Harmonized Technical Regulations**



UK Hermes Study Perishable Food Supply Chains >



Per annum:

- **Cost of delayed, incorrect or missing paper work was over 1 billion£ -NOT counting spoilage**
- **Cost of generating paper documentation 126 million£**
- **Cost of document administration 11% of supply chain value**



More Efficient, Faster Border Clearance



Need

Establish a comprehensive cross-agency cross-border risk management system

Recommendations

- Establish a common risk management policy, with clear administrative structures and resource allocations, to guide the implementation of integrated border management.
- Enshrine integrated border management and a common risk management policy into existing legislation, based on the WCO's Standards to Secure and Facilitate Global Trade (SAFE Framework)
- Establish an inter-agency risk management committee
- Undertake in-depth studies of all agencies' border controls in order to identify areas that could benefit from improved coordination and/or integration. For example, using the UNECE's Business Process Analysis (BPA) guidelines

More Efficient, Faster Border Clearance



Need	Recommendations
<p>Promote mutual trust and partnership between customs and the trading community</p>	<ul style="list-style-type: none">• <u>Encourage traders to carry out regular self-assessments using a checklist provided by Customs</u>• Establish <u>a customs to business partnership programme</u>, whereby traders who pass the Customs audit are accorded significant benefits similar to those provided to Authorized Economic Operators.



More Efficient, Faster Border Clearance



Needs	Recommendations
Measures to expedite customs clearance	Introduce <u>pre-arrival documentary examination procedure</u> , (implemented in several countries, e.g., Belarus, with success)
Develop payment schemes to facilitate payment of customs duty and taxes	For example: <u>a deferred payment system (or a bank direct debit scheme)</u> , recognized as a valid payment option under the Customs Code
Reconsider the pace of Single Window (SW) implementation	<ul style="list-style-type: none">• Undertake the necessary analysis to detect procedures and documents that need to be streamlined, standardized and/or reduced. BPA could be a useful tool.• Sequence implementation: Focus first on one type of document, and expand gradually• Coordinate SW implementation with other countries in the region. This is critical for data exchange for regional trade/transit.



Inter-regional cooperation



Needs	Recommendations
Ensure the <u>implementation of the TIR Convention</u>	Use all measures available to all contracting parties in order to address transit issues with neighbouring countries.
Ensure that trade agreements with regional partners are in line with internationally recognized rules and regulations	In particular conduct an assessment to detect inconsistency with : (i) the <u>WCO Revised Kyoto Convention (RKC)</u> , which provides a <u>framework for Border Agency Cooperation</u> in quality control and urge Customs administrations to <u>correlate business hours , operate joint controls, and use or establish juxtaposed Customs offices</u> ; (ii) the SAFE Framework, for <u>integrated border management through cooperative arrangements across borders</u> with agencies of neighbouring countries; (iii) WTO Agreement on Trade Facilitation.
<u>Increase awareness among the logistics service providers and transport operators and traders</u> about these conventions and their benefits	<ul style="list-style-type: none">• Organize information mobilization seminars to raise the awareness of traders on the benefits of these conventions.• Organize advanced training to logistics service providers on the implications of these conventions for their services.



Improved Transport Infrastructure



Needs	Recommendations
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Railways

Improve the quality and supply of rolling stock	<ul style="list-style-type: none">• Promote investments in modern rolling stock by attracting local and foreign investment• Promote the establishment of credit schemes for local rolling stock owners, so as to enable them to undertake required investments.
Reconsider relationship between Government & railway management	<ul style="list-style-type: none">• Consider relegating railway management to an independent entity (e.g., para-state agency), in order to bring the sector in line with international best practices.

Roads

Improve the capacity of road networks	<ul style="list-style-type: none">• Invest in bringing existing networks up to Class I and Class II road quality standards• Build new roads, where needed, to improve in-country and border connectivity
Improve the quality and supply of truck fleets	<ul style="list-style-type: none">• Promote investments in modern truck fleets, including foreign investments.• Promote the establishment of <u>credit schemes for local truck/trailer fleet owners, so as to enable them to undertake the required investments.</u>• Consider increasing gross vehicle mass limits, to lower unit costs & provide an incentive for truck/trailer owners to invest in modernizing their fleets.



Improved Logistical Services

Needs	Recommendations
The limited capacity of logistics service providers	<ul style="list-style-type: none">• Establish <u>advanced training programmes in logistics</u>, especially in integrated logistics and multi-modal transport, supply chain management, innovative technological applications
The traders' limited experience in logistics management.	<ul style="list-style-type: none">• Establish <u>advanced training programmes for traders in logistics management</u>, with a special emphasis on developing logistics strategies.
The lack of integrated multi-modal transport services	<ul style="list-style-type: none">• <u>Develop the legal framework for allowing multi-modal transport to be carried out under one contract</u>• Establish the insurance and credit schemes needed for multi-modal transport• Develop the capacity of local freight forwarders<ul style="list-style-type: none">– Further develop Freight Forwarders Association with targeted training– Establish advanced training programmes for local freight forwarders, with a special focus on multi-modal transport
The limited use of containers	<p>While developing the multi-modal transport industry will help, the government should also:</p> <ul style="list-style-type: none">• Consider developing container terminals• Investigate options for lowering the cost of container shipping, such as incentives for the return of outgoing containers



Recognized Metrology/Certification



Needs

Harmonizing the metrological system, including measurement procedures, calibration certificates and language, with the international requirements

Recommendations

- Develop advanced training programmes in metrology and in accreditation in cooperation with regional & international institutions
- Establish a depository of key legal documents in English
- Consider the possibility of issuing bi-lingual (Russian/English) certificates, so that non-Russian speaking partners could determine the procedures and technical specifications used by national testing and certification laboratories



The WTO Trade Facilitation Agreement The Key to Better Agricultural Trade



Targeted AfT Project Tajikistan

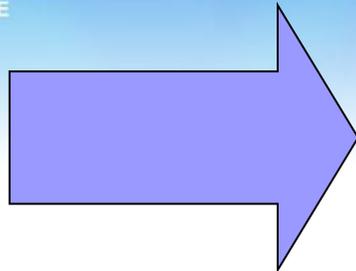
Supporting post- WTO accession Trade Facilitation Efforts

Main Deliverables

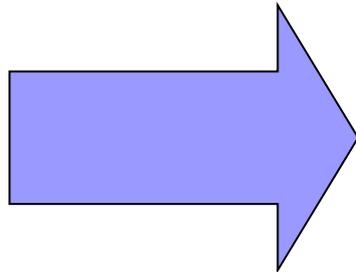
1. Institutional consultation mechanisms (Trade Facilitation Committee) for facilitating national consensus over policies and initiatives for reducing regulatory and procedural barriers to trade in a manner that enables successful fulfillment of Tajikistan's WTO obligations and the realization of potential benefits from the Agreement on Trade Facilitation.
2. New/revised laws and procedural measures in trade, and equip relevant State agencies and markets support institutions with core team of experts well versed in the different aspects of trade facilitation-related policy and WTO matters and processes
3. Staff in relevant State agencies and market support institutions well versed in the different aspects of trade facilitation-related policy and WTO matters and processes.



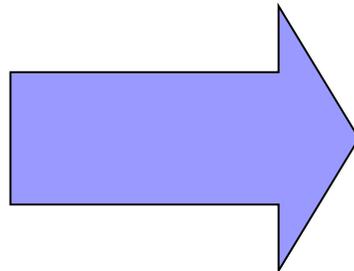
In Summary ECE has 3 Priorities



Facilitating trade flows



**Simplifying and harmonizing
regulations**



**Ensuring compliance with
agricultural quality standards**

UNECE/ESCAP Guide for smarter food trade

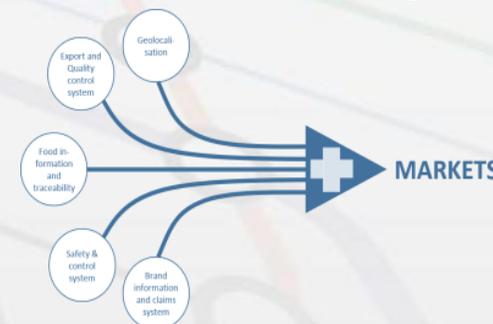


Support to the
Greek Trade
Facilitation
Reform

Information management and standards to enhance food safety, sustainability and efficiency

Recommendations to policy makers:

- ❑ Stakeholder collaboration
- ❑ Implement authorized exporter scheme
- ❑ Dematerialize licenses and certificates
- ❑ Develop electronic, integrated Risk Management
- ❑ Tracking and Tracing for security and trust



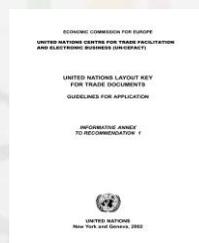
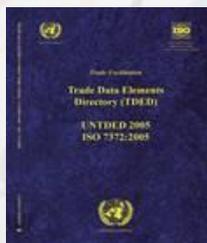
Smarter Food Single Window

Trade Facilitation: UN/CEFACT

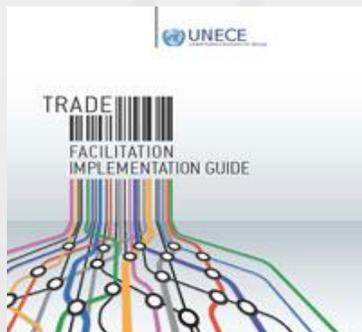
Policy Rec.s



Standards



Guidelines, Briefs, Studies





Regulatory Cooperation and Standardization Policies (WP.6)

A Forum for DIALOGUE and WORK on:



- Standardization
- Technical regulations
- Risk Management
- Regulatory Cooperation
- Conformity assessment
- Accreditation
- Metrology
- Market surveillance
- Education on standards



UNECE Working Party on Agricultural Quality Standards

Mission

- **Develop quality standards setting minimum requirements (commercial quality, maturity, sizing, tolerances, presentation, marking)**
- **Prepare explanatory material**
- **Promote UNECE standards worldwide, including through capacity-building**
- **Global participation**





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FOR EUROPE

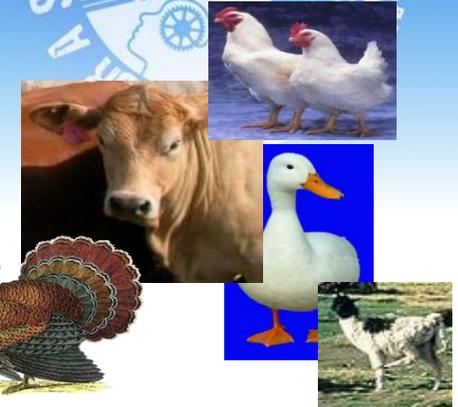
Agricultural Quality Standards



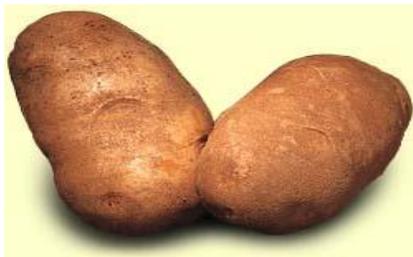
Fresh fruit and vegetables (50)



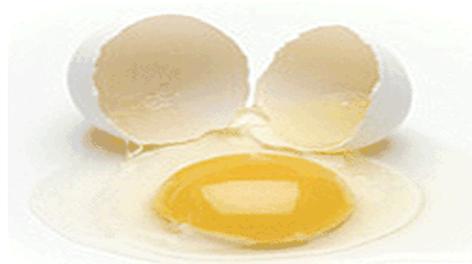
Dry and dried produce (27)



Meat (15)



Seed potatoes (1)



Eggs and egg products (2)



Cut flowers (8)



Thank You!

For More Information

- Aid-for-Trade Resource Materials (Guidelines, Publications, Standards)**
<http://www.unece.org/index.php?id=34516> (click on publication cover)
- Trade Programme**
<http://www.unece.org/tradewelcome/trade-home.html>
- Trade Facilitation and the Trade Facilitation Implementation Guide**
<http://www.unece.org/cefact.html> and <http://tfig.unece.org/>
- Regulatory Cooperation and Standardization**
<http://www.unece.org/trade/wp6/welcome.html>
- Agricultural Quality Standards**
<http://www.unece.org/trade/agr/welcome.html>
- Innovation and Competitiveness**
<http://www.unece.org/ceci/ic.html>
- Public Private Partnerships to Finance Infrastructure**
<http://www.unece.org/ceci/ppp.html>
<http://www.unece.org/ceci-welcome/areas-of-work/public-private-partnerships-ppp/icoeppp.html>