“It seems impossible until it’s done”

Those were the words that Roberto Azevedo, quoting Nelson Mandela, used in his closing speech as Director General of the WTO on Saturday 7th December at the 9th Ministerial Conference held in Bali. “We made it! For the first time in our history: the WTO has truly delivered,” he said*. Twelve years after adopting the Doha Declaration, WTO Members found in Bali a consensus to the so called Bali Package. The WTO Trade Facilitation Agreement (TFA) is a major component of the Bali package and the first ever agreement adopted by the WTO**.

Let’s take this opportunity to congratulate WTO Members for this fundamental new agreement and reiterate that UNCTAD stands ready to support the post Bali implementation programme in trade facilitation with determination and enthusiasm!

In 2014, we plan to continue our activities and prepare support material to guide policy makers in the implementation of the 13 articles of the WTO TFA. These materials include: 1) a study on the level of implementation of TF and the technical assistance needs of developing and least developing countries; 2) a study on trade facilitation committees based on 80 cases gathered in the recently launched online repository (see page 5) and; 3) an updated version of the Technical Notes on each of the TF measures included in the agreement. These three documents will be published in 2014.

Establishing and/or maintaining such trade facilitation committees has become mandatory for each country, according to article 13 of the TFA. UNCTAD will continue to provide support to such bodies in developing countries. In addition, UNCTAD’s Customs automation programme, ASYCUDA, provides many functionalities that will be needed to ensure full compliance with many important Customs related disciplines included in the new agreement***.

Enjoy the reading!

The Trade Logistic Branch Team

* The closing session is available at: http://www.wtomc9.org/mc9_webcast_e.php
** The text of the Bali Package including the Trade Facilitation Agreement is available at: https://mc9.wto.org/draft-bali-ministerial-declaration.
***A more detailed analysis of current and future functionalities of the ASYCUDA system, compared to compliance needs of WTO members for the TFA, will be available in the forthcoming issue of the Transport Newsletter.
As early as the mid-1990s, UNCTAD documented what later became widely acknowledged—that administrative and procedural transaction costs constitute between three and six per cent of the value of internationally traded goods. With tariff reductions already implemented in most trading nations, in the context of multilateral and regional trade agreements, prospects for further reductions in trade transaction costs and hence increased competitiveness now rest largely upon transport and trade facilitation reforms.

Recognizing its importance for trade, UNCTAD has, for over 40 years, highlighted the development dimension of trade facilitation.

TRADE FACILITATION REFORMS AND DEVELOPMENT

Trade facilitation reforms are good for development because many trade facilitation measures have a direct link to different aspects of human and institutional development. They increase the transparency of administrations and help to build trust with business sectors, they improve governance and make public resources more effective and more efficient, they strengthen capacities, increase fiscal revenues, and help to bring informal sectors into the formal economy.

The overall concept of trade facilitation encompasses the standardization, harmonization and simplification of trade procedures and documentation. Behind this general description lies an often complex combination and sequence of transformations, each of which benefits from and supports human and institutional development.

For example, if a country already has a modern financial system, it is easier to introduce Customs or transit guarantee schemes that operate via the banking system. Electronic payments, and the electronic submission of information to Customs, are easier to introduce if a legal and regulatory framework for electronic documents and signatures is already in place. And implementing measures such as online enquiry points or web publication of trade-related regulations is far less problematic if e-governance is developed, or if the country has a high level of internet penetration.

By putting in place national trade facilitation reforms supported by external financial and technical assistance, developing countries have the opportunity to modernize their international trade and transport sectors, contributing to the promotion of trade and investment promotion. At the same time, this support will also directly contribute to different development objectives. For example, investments in information and communication technologies enhance internet connectivity between traders and government agencies, and also strengthen the private sector’s capacity to obtain and share information online. Measures currently being discussed at WTO that relate to consultations, appeal procedures, enquiry points and publications...
will improve trust and governance. The simplification of procedures and formalities will help to free up public resources, away from repetitive bureaucratic tasks, in order to be able to strengthen regulatory and public planning functions.

Furthermore, there is a "poor human dimension in trade facilitation. The simplification of international trade procedures makes it easier for informal cross-border traders to comply with legal operations, and for small and medium-sized enterprises to start foreign trade operations. Currently, a lot of trade between neighbouring countries, particularly in Africa, is carried out by small-scale traders – frequently women or even children – whose informal trade is not recorded, and who suffer from arbitrary rules with arbitrary application at border crossings.

From a public administration perspective, trade facilitation can be a significant factor in the allocation of national resources. The simplification and standardization of procedures, fees and charges applicable to trade leads to higher and more predictable revenue collection for Customs. While reforms may mean high initial investment costs, the return on investment in trade facilitation projects tends to be very high, due to the savings that result, and the increased revenue collection, as the implementation of UNCTAD’s ASYCUDA systems has shown in many cases. Additional benefits confirming the development dimension of trade facilitation can also be observed in terms of environmental impact, through more carbon-friendly transport and paperless e-government systems.

**LESS IMPLEMENTATION IN LDCS**

While progress can be seen in many countries, recent UNCTAD research, and the extensive experience gained from UNCTAD’s technical assistance activities, including its ASYCUDA programme, shows that important challenges remain ahead. Least Developed Countries (LDCs), in particular, are lagging behind in both trade facilitation reforms and international assistance received.

In general, LDCs report a lower level of trade facilitation implementation than non-LDCs (fig. 1). Almost two thirds of LDCs for which UNCTAD developed national trade facilitation plans in 2012 and 2013 show less than 40 per cent compliance with the measures currently included in the WTO negotiations. On the other hand, the majority of non-LDCs report over 50 per cent compliance. Unfortunately, in spite of the obvious need for technical and financial assistance in the area of trade facilitation, the share of aid assigned to trade facilitation – as compared to aid for other purposes – is lower in LDCs than in non-LDCs.

For LDCs and other vulnerable economies, trade facilitation is more difficult to implement, and yet it is even more important for such economies, given the broad benefits that it brings for development.

I welcome the conclusion of the multilateral Trade Facilitation Agreement in Bali. As discussed above, I consider that it provides important potential benefits for developing countries and LDCs. These benefits accrue from the easing of international trade and development gains through capacity building and public sector reforms. UNCTAD is pleased to have been associated with the negotiations by supporting its members States and looks forward to continuing its collaboration in the implementation phase.

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**MEET SECRETARY-GENERAL MUKHISA KITUYI**

Mukhisa Kituyi, of Kenya, who became UNCTAD’s seventh Secretary-General on 1 September 2013, has an extensive background as an elected official, an academic, and a holder of high government office. He also has wide-ranging experience in trade negotiations, and in African and broader international economics and diplomacy.

He was born in Bungoma District, western Kenya, in 1956. He studied political science and international relations at the University of Nairobi and at Makerere University in Kampala, Uganda, receiving a BA in 1982. He went on to earn an MPhil in 1986 and a doctorate in 1989 from the University of Bergen, Norway.

Dr. Kituyi served as a researcher at Norway’s Christian Michelsen Institute from 1989 to 1991, and as Programme Director of the African Centre for Technology Studies in Nairobi from 1991 to 1992. He was elected to the Kenyan Parliament in 1992, and was twice re-elected. He was Kenya’s Minister of Trade and Industry from 2002 to 2007. During this period, Dr. Kituyi chaired for two years the Council of Ministers of the Common Market for Eastern and Southern Africa (COMESA) and the African Trade Ministers’ Council. He also served as chairman of the Council of Ministers of the African, Caribbean and Pacific (ACP) Group of States, and was lead negotiator for Eastern and Southern African ministers during the European Union-ACP Economic Partnership Agreement negotiations. He was convenor of the agriculture negotiations carried out at the World Trade Organization’s Sixth Ministerial Conference held in Hong Kong, China in 2005.

From 2008 to 2012, Dr. Kituyi was a member of a team of experts advising the presidents of the nations of the East African Community on how to establish more effective regional economic links.

From 2011 to 2012, he was a consultant for the African Union Commission, where he helped to develop the structure for a pan-African free trade area.

Immediately prior to becoming Secretary-General, Dr. Kituyi was Chief Executive of the Kenya Institute of Governance, based in Nairobi. The Institute is a think tank and advocacy organization that focuses on linking academic research and the development of public policy. During 2012, Dr. Kituyi also served as a non-resident fellow of the Africa Growth Initiative of the Brookings Institution, Washington, D.C. He was a resident scholar there in 2011.
Driven by rising domestic demand in China and by increased intra-Asian and South-South trade, international seaborne trade performed relatively well in 2012, with volumes increasing by 4.3 per cent, reaching 9.2 billion tons for the first time ever, UNCTAD’s Review of Maritime Transport 2013 (RMT13) reports. World container port throughput also increased by an estimated 3.8 per cent in 2012, to 601.8 million twenty-foot equivalent units (TEUs) in 2012. This growth was reflected in a strong port-finance sector as investors looked to infrastructure to provide long-term stable returns.

The UNCTAD Review of Maritime Transport 2013 released

The 2012 increase in seaborne trade did not do much to boost the maritime shipping industry’s profitability, however, despite the fact that last year, for the first time in over a decade, the number of ships entering into service declined from the total of the previous year. The longest-lasting and largest cycle of ship building in history – the cargo capacity of the world fleet more than doubled between 2001 and January 2013 – finally began to slow, but even with fewer new ships, world tonnage capacity continued to climb in 2012, up by 6 per cent over January 2012. That meant the prevailing oversupply of shipping capacity continued through 2012, the RMT reports.

The steady delivery of new vessels into an already oversupplied market, coupled with the weak global economy, kept shipping rates under heavy pressure, the Review says. The low freight rates that prevailed in 2012 reduced carriers’ earnings close to, and even below, operating costs, especially when bunker oil prices remained both high and volatile. Carriers applied various strategies to remedy the situation, in particular by taking steps to reduce fuel consumption.

Among other challenges facing the industry are energy security and costs, and related issues of climate change and environmental sustainability.

But the RMT also stresses that new opportunities are emerging in connection with a number of trends. These include growing regional seaborne trade and South–South cooperation, structural change in the world energy map and consequent ripple effects on tanker trade as well as the anticipated expansion/opening of new sea routes through the arctic and through the widened Panama Canal. The improved canal is expected to opening 2015.

Bigger ships and fewer services

A long-term trend towards larger cargo vessels continued in 2012 and 2013, the Review reports. Also continuing was a trend towards fewer liner companies serving each country.

Based on UNCTAD’s Liner Shipping Connectivity Index (LSCI), which now has compiled data for 10 years, the average number of carriers per country has decreased by 27 per cent over the past decade, from 22 in 2004 to 16 in early 2013. This reduction in choice among shippers poses challenges, especially for smaller developing countries, which are confronted with potentially oligopolistic markets, the report says.

Legal issues and regulatory developments

Important legal developments covered in the Review include the entry into force of the 2006 Maritime Labour Convention (effective 20 August 2013), and of the 2002 Athens Convention relating to the Carriage of Passengers and their Luggage by Sea (effective 23 April 2014). Also significant are a range of regulatory measures to strengthen the legal framework relating to ship-source air pollution, port reception facilities, and garbage management.

The RMT says that to assist in the implementation of a set of technical and operational measures to increase energy efficiency and reduce greenhouse gas (GHG) emissions from international shipping (entry into force on 1 January 2013), additional guidelines and unified interpretations were adopted at International Maritime Organization (IMO) in October 2012 and May 2013.

Land-locked countries’ access to seaports

A special chapter of the RMT13 looks at connecting landlocked countries to maritime shipping services. The passage of
NEW ONLINE REPOSITORY ON NATIONAL TRADE FACILITATION BODIES LAUNCHED

The Trade Facilitation Section of UNCTAD recently launched the renewed and interactive online Repository on National Trade Facilitation Bodies gathering more than 80 country cases.

Access it here: http://unctad.org/TFcommittees

UNCTAD’s Review of Maritime Transport has since 1968 provided coverage of key developments affecting international seaborne trade, shipping, the world fleet, ports, freight markets, and transport-related regulatory and legal frameworks.

As in previous issues, the 2013 Review contains critical analyses and unique data, including long-term data series, on seaborne trade, fleet capacity, shipping services, and port-handling activities.

For more information, please contact
Jan Hoffmann (jan.hoffmann@unctad.org), Trade Logistics Branch, UNCTAD

The online repository uses an interactive map to display results

UNCTAD’s Review of Maritime Transport

Background

Maritime transport is the backbone of international trade and the global economy. Around 80 per cent of global trade by volume and over 70 per cent of global trade by value are carried by sea and are handled by ports worldwide. These shares are even higher in the case of most developing countries.

The Review explores a new strategy that should allow for a radical transformation of transit systems that would enable landlocked countries to have reliable access to global value chains, allowing them to expand beyond their role as providers of primary goods. The proposed concept builds upon a “trusted transit operator scheme” guaranteeing uninterrupted transit from sea port to hinterlands and vice versa. Such a reliability model solution could be made part of the priorities of the new agenda for landlocked and transit developing countries to be adopted in 2014 under the Almaty Programme of Action, the report notes.

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TRANSPORT AND LOGISTICS INNOVATION TOWARDS THE REVIEW OF THE ALMATY PROGRAMME

By Anne Miroux, Director, Division on Technology and Logistics, UNCTAD, on the occasion of the Multiyear Expert Meeting on Transport, Trade Logistics and Trade Facilitation, 22-24 October 2013

The primary role of UNCTAD is to help countries better integrate into the international trading system. Such an integration requires proper transport and trade facilitation; this is why from basically its inception UNCTAD has paid particular attention to trade logistics related issues, including in particular the specific problems faced by Landlocked Developing Countries.

This first session of the last Multiyear Expert Meeting on Transport, Trade Logistics and Trade Facilitation, on Transport devoted to the Review of the Almaty Programme of Action is a testimony of this interest.

Ten years ago, in August 2003, the United Nations (UN) adopted the Almaty Programme of Action (APoA) for Transit Transport Cooperation for Landlocked and Transit Developing Countries, to help galvanize international solidarity and partnerships with a view to assist these countries in enhancing their participation in the international trading system.

Over the past decade, the Almaty Programme of Action triggered an intense wave of research and in depth analysis, which led to a better understanding of the mechanisms and intricacies of transit transport systems serving the trade of landlocked developing countries.

What followed was an active period of involvement of donors and cooperation agencies. At the same time negotiations on trade facilitation at the WTO also started (in 2004), contributing to a better understanding of border crossing and transit trade related procedures. UNCTAD, as one of the so-called Annex D organisations, has been helping developing countries in the self-assessment of needs and prepare implementation plans for a future trade facilitation agreement. Improvements have been achieved but there is still much more that needs to be done.

Indeed, in spite of progress made, delays at border crossings and ports due to cumbersome procedures; poor transport infrastructure or inefficient logistics services remain a significant burden for many LLDCs. This is one of the reason why, in March 2012, the General Assembly of the United Nations adopted resolution 66/214, in which it decided to hold a comprehensive Ten-Year Review Conference of the Almaty Programme of Action in 2014.

In compliance with this resolution and under the aegis of the UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, over 2013, different development partners, including several UN system agencies and international financing institutions, have engaged with representatives of landlocked developing countries and transit countries in the review of progress made in implementing the priority areas defined in the APoA. These encompass measures to assist in integrating LLDCs into the world economy. Such a world wide process is aimed at identifying major achievements and constraints encountered as well as recommendations on actions and initiatives that will feed into the future development agenda for LLDCs.

It is in this context that a number of meetings have been organised in 2013, such as the Euro-Asian Regional Review of the Almaty Programme of Action in Vientiane, Lao PDR (March 2013); the Africa Regional Review of the Almaty Programme of Action in Addis Ababa, Ethiopia (July 2013) and more recently, the 12th Annual Ministerial Meeting of the Group of Landlocked Developing Countries held in New York, and the Latin America Regional Review of the Almaty Programme of Action, to be held in Asuncion, Paraguay, (November 2013).

This first session of the Multiyear Expert Meeting on Transport, Trade Logistics and Trade Facilitation, was the contribution of UNCTAD to this review process.

As the issues note prepared by the Secretariat for the latter mentioned expert meeting indicates, the main impediments faced by LLDCs in accessing overseas markets have been well documented. These obstacles may be physical, in terms of remoteness from world overseas partners, and operational, in terms of dependence upon trade and transport facilities and services in neighbouring coastal countries. The degree to which both types of obstacles affect LLDCs trade competitiveness depend in turn on institutional, regulatory and technological factors.

The improvement of transit transport systems should be geared towards a single and clear objective: removing all possible obstacles to enable the access of landlocked countries to logistics systems at least equivalent to those that their counterparts in coastal countries enjoy. The aim is clear and straightforward; yet there are many dimensions to the improvement of transit logistics chains.

To improve transit logistic systems, a number of issues need to be examined. The Multiyear Expert Meeting enabled us to consider a number of them, (including for instance transit development transport policies, transport corridors, and the possibilities for improvement offered by technology and innovation
especially ICT) and provide the opportunity to share experiences and knowledge, as well as identify best practices. These include for instance:

- How can more efficient, predictable and cost-effective transit logistics enable producers in landlocked countries to enter and participate more effectively in global and regional value chains?

- How to establish comprehensive and consistent national and regional transit policies that include regulatory frameworks ensuring market access to transport and logistics services.

- How can regional integration organizations and development partners help ensure that new institutional schemes foster technological innovation and easier access to the most efficient services.

- How can innovation and technology policies support the implementation of logistics and transit policies?

- How can technology - and what kind of technology - help in ensuring that the trade of landlocked countries is treated the same way as any other cargo travelling along a transport corridor or passing through a port.

In close connection with the issues raised in this note, expert deliberations may also benefit from the outcomes of the above-mentioned regional review meetings for Asia and Central Asia held in Vientiane on 5–7 March 2013, and, in Addis Ababa on 16–18 July 2013 for the African region, as part of the 10-year review of the implementation of the Almaty Programme of Action.

Let me conclude by reaffirming that UNCTAD’s strong commitment to assist in developing a new development agenda for LLDCs in matters relating to transit transport and logistics innovation and to contribute to the review of the Almaty Programme of Action in 2014.

For further information please contact Anne Miroux (anne.miroux@unctad.org), Division on Trade and Logistics, UNCTAD.
As mentioned in the previous article, the Almaty Programme of Action (APoA) is a United Nations wide programme which specifically deals with LLDCs. The APoA is scheduled for its Ten-Year Review Conference in 2014 to reflect upon the progress made and the issues still to be addressed. The timing of UNCTAD’s October meeting was very opportune and provided a much needed stock-taking exercise before the 2014 debate.

The more than 90 trade and transports experts from over 40 countries registered to discuss issues such as new transport and logistics innovation developments which could help improve the trade of LLDCs, as well as policies and methods which would provide the best access to seaports.

Being land locked tends to increase a developing country’s shipping cost by as much as 50%. Transport cost can represent as much as 3/4th of the value of some exports form LLDCs. High transport costs brought about by low trade volumes and inefficient trade and transport practices restrict the access of LLDCs to global markets. Many of these countries see their capacity to fully engage in international maritime trade as being heavily dependent on the goodwill of coastal transit neighbours. While such geography and topography are obvious disadvantages, the main sources of delay are at both extremes of the land transit chain - at the transit ports located in coastal countries and at the inland origin/destination points within landlocked countries. These issues can however be overcome with a mixture of the right policies combined with efficient transit operations.

Despite the significant progress that has been made in the last 10-years in understanding the rationale behind the operation of transit transport systems, there is still a need for well-considered policies that will open transport markets, develop logistics services, and enable landlocked economies to link more efficiently into regional and global value chains. Policy actions should address the skills of local operators along transit corridors and should enable innovative solutions for logistics services and infrastructure based on regulatory schemes that allow for dependable and safe trade to and from landlocked countries.

Issues discussed by experts at the meeting included the UN transport-related legal framework, in particular the 58 instruments dealing with land transport. Adhering to, for example, the International Convention on the Harmonization of Frontier Controls of Goods (1982) will ensure that a basic level of harmonization for efficient cross-border movements can be obtained.

Experts explored how more efficient, predictable, and cost-effective transit logistics could enable producers in landlocked countries to enter global value chains. They discussed how regional integration organizations and development partners could help to ensure that new institutional schemes foster, rather than prevent, technological innovation.

In closing experts agreed in underscoring the role that UNCTAD should play in researching and analysing, disseminating and allowing the exchange of successful experiences as well as in providing technical assistance as appropriate to requesting countries.

For more information, please contact Vincent Valentine (vincent.valentine@unctad.org), Trade Logistics Branch, UNCTAD.
Meeting documentation can be found at: http://bit.ly/JGoWsZ
THE DEVELOPMENT OF TRANSPORT OBSERVATORIES

On 25 October 2013, UNCTAD organized an Ad Hoc experts meeting on the development of Transport Observatories. The objective of the Ad Hoc experts meetings is to assist the UNCTAD Secretariat in developing and steering the direction of its work programme. To this extent UNCTAD was following-up on a number of requests from member countries to assistance with the establishment and operation of Transport Observatories. The meeting was therefore a fact finding exercise designed to contribute to a better understanding of the scope, complexity of the task in terms of the functions and requirements of a Transport Observatory.

The meeting was attended by 23 experts from 10 countries from governments, academia and transport industry. The morning session focused upon the functions and purpose of a Transport Observatory, while the afternoon session looked at how UNCTAD could contribute on a global scale to the specific needs of individual countries.

The complexity in designing, establishing and operating a Transport Observatory soon became apparent as experts examined the details a forthcoming World Bank publication titled “Corridor Transport Observatory Guidelines” and shared their own experiences. The main obstacles highlighted in developing Transport Observatories included: 1) a lack of finance to design and start the system; 2) a lack of appropriate technical knowledge and institutional capacity within relevant national stakeholders 3) the need to have IT departments involved at the early stages of Transport Observatory design phases.

The provision of the required information by primary sources requires several pre-requisites such as defined indicators, human, technological and financial resources as well as a complex institutional arrangements. Experts noted that possibly there was “no one size that fits all” concept or a recommended model. Transport Observatories have to cater for different needs, different backgrounds and environments. Some Transport Observatories are established along transport corridors, with limited geographical scope of intervention and a clear mandate; some are part of a larger process of regional integration and supported by donors; some are operated with very limited means.

The need to clarify the purpose of the Transport Observatory thus became paramount and a lively debate on the role Transport Observatories could play in achieving the ultimate goal of helping lower transport costs ensued.

It was proposed that, as part of its research activities, UNCTAD could prepare a study on the current global situation of Transport Observatories. UNCTAD’s contribution in consensus building events to tackle the subject was also proposed to be undertaken at both regional and sub-regional level.

Finally, wherever individual requests for assistance would be received, UNCTAD would require a preliminary diagnostic study to be carried out in the counties or regions concerned in order to then prepare a tailored technical assistance project proposal, responding to the respective needs assessment and gap analysis.

If you have experience to share in developing or operating Transport Observatories, or are interested in conducting research in this area, UNCTAD would be pleased to hear from you.

Contact person: Vincent Valentine (vincent.valentine@unctad.org), Trade Logistics Branch, UNCTAD
The five-day forum dealt with several topics related to trade facilitation in an effort to address those issues identified during the previous regional forums as well as in the respective national trade facilitation implementation plans developed in 2012.

**TASTING THE BEST FROM EACH REGION**

Throughout the forum, countries shared their best practices in trade facilitation. While the African delegates learned about the successful reform of the appeal review system in Bangladesh or the authorised economic operators programme in India, Asian counterparts got some insights on the existing One Stop Border Posts (OSBs) in Burundi or the implementation of the single window in Rwanda, among others.

“If we have political commitment and an engaged team, the success from Rwanda’s single window could be repeated in any ASYCUDA country” David Wright, Senior Customs Expert, ASYCUDA Programme, UNCTAD

**LINKING UNCTAD RESEARCH TO COUNTRIES’ NEEDS**

Four were the UNCTAD studies presented during the forum.

- Review of Maritime Transport 2013 (http://unctad.org/rmt)
- The way to the ocean, transit corridors servicing the trade of landlocked developing countries (http://unctad.org/en/pages/Publication-Webflyer.aspx?publicationid=591)
- The new frontier of competitiveness in developing countries: implementing trade facilitation (to be published in 2014)

With each presentation, UNCTAD illustrated the essential link between its research and the technical assistance and capacity building provided to its members.

**TRADE FACILITATION AND SMALL AND MEDIUM ENTERPRISES (SMEs)**

The private sector is the driving force behind economic growth. However, they are not always included when dealing with trade facilitation reforms. Representatives from organisations such as the International Air and Transport Association or companies such as Swissport International Ltd insisted on the importance for the private sector of moving forward in the trade facilitation agenda. Mr Matthew Anthony Wilson, Chief Advisor at the Office of the Executive Director of the International Trade Centre, spoke about the special focus that trade facilitation should have on SMEs: “When planning reforms, we should not forget that we are working for the private sector. Approximately 95% of enterprises in the world are SMEs and they are account-able for 66% of global employment. They can greatly benefit from trade facilitation.”

**THE FEMALE SIDE OF TRADE FACILITATION**

Even if some themes were not formally included in the agenda, discussions provided room for addressing issues such as gender mainstreaming in trade facilitation reforms. In East Africa, there have been several attempts to address gender policies at borders. To increase the impact of TF policies, African policy makers believe in a genuine approach where women talk to women and women teach women. For instance, Tanzania is implementing the UN women programme aiming at having female officers at the different help desks at the borders. A similar initiative is in the pipeline in Rwanda. As women are more involved in informal trade, they are convinced that by providing them with trainings by female Customs agents will help to increase their compliance as traders. At a regional level, the EAC Secretariat Business Council is advocating for gender mainstreaming at the borders especially in the implementation of OSBs. This main objective is to protect women from sexual harassment at border crossings.
ONE DAY WITH SWISS CUSTOMS IN BARDONNEX, FRENCH-SWISS BORDER

On the kind invitation of Swiss Customs in Bardonnex, participants got the opportunity to experience a trade facilitation best practice on the spot. Customs officials walked with the group through import, export and transit procedures, risk management systems, as well as valuation and classification methodologies.

Did you know?

- Geneva has approximately 140 km of border with France.
- Every day, 600 trucks enter Switzerland by Bardonnex and 300 leave.
- "Schengen" at its best: From 7AM to 10AM, 12,000 vehicles cross the border from France to Switzerland in Bardonnex. In one day, 22,000 cars enter via Bardonnex, 21,200 leave.

For more information, please contact Arántzazu Sánchez (arantzazu.sanchez@unctad.org), Trade Logistics Branch, UNCTAD
South Asia is a dynamic region. It shows good performance in trade but it is one of the less integrated regions in the world. According to Mr Kenichi Yokoyama, representative of the Asian Development Bank in Nepal, intra-region trade accounts only for 6% of total trade in the region. Nepal and Bhutan are landlocked countries and costs of importing and exporting are two to three times more than in countries of the Organisation for Economic Co-operation and Development (OECD). Thus, there is a big room of improvement for imports, exports and transit procedures, to create growth by investing in trade facilitation.

Why are One Stop Border Posts (OSBPs) seldom in South Asia? Are Bangladesh, Bhutan, India and Nepal planning to set up a single window? Could the Indian scheme for authorised economic operators (AEO) be adapted to the necessities of Indian neighbouring countries? These are some of the questions that the Second UNCTAD South Asia Regional Forum on Trade Facilitation tried to answer in October last year. Representatives from Customs and the Ministries of Trade from SASEC countries participated in a workshop designed to deepen their knowledge on certain trade facilitation (TF) measures and present food for thoughts regarding regional solutions for future trade facilitation commitments.

Mr Toya Nayaran, from the Ministry of Commerce and Supplies from Nepal, inaugurated the forum framing the topic of discussions in the context of the WTO Ninth Ministerial Conference, which took place in Bali, in December 2013. “This project has helped to better understand trade facilitation and each other’s positions in the negotiations”, noted Mr Nayaran. “UNCTAD implementation plans in the different countries were key to strengthen our positions in the negotiations”, he continued, “but the effort to enhance regional cooperation is also of great importance”. Before leaving, the Nepalese delegate raised his concerns on the capacity of least developed countries (LDCs) to implement on their own certain TF measures such as advance ruling, single window, electronic payment and Customs cooperation.

REGIONAL TRADE FACILITATION BEST PRACTICES

SASEC countries are very active concerning the implementation of trade facilitation measures. Therefore, the forum started with a series of presentations on regional best practices. The delegate from Bangladesh explained in detail the appeal procedure currently in place in this country. With the assistance of the World Bank, an alternative dispute resolution system was finally introduced in 2012. The new process allows taxpayers to amicably settle their Customs disputes out of Court, using the guidance of a facilitator. This process should help Bangladesh reducing the long delays.
stemming from an estimated 20,000 case backlogs.

Trade facilitation is a new subject in Bhutan. The Bhutanese delegate explained some of the recently introduced measures, such as the constitution of a National Trade Facilitation Committee in February 2013. He continued explaining those trade facilitation measures that will be implemented in the near future, such as: the harmonisation of forms and the amendment of the existing Customs law and the introduction of an authorised economic operator concept, an audit based control as well as advance ruling.

Bhutan is also working in the accession to the Revised Kyoto Convention. Infrastructure related projects, which will certainly contribute to increase trade, include the establishment of a dry port in the Southern part of the country, the construction of a better road network and the opening of new entry and exit points. For those projects, Bhutan counts with the financial and technical assistance of the Asian Development Bank.

Coming from the main trade partner of Bangladesh, Bhutan and Nepal, the presentation of India was followed with special interest by the participants. The official from Indian Customs described the impact that the implementation of the risk management system had in the country. This measure was introduced in India in 2005 in order to reduce dwell time, transaction costs as well as encourage a national approach to Customs control. The implementation was challenging but it was so successful that Icegate, which is the name of the system, received the Prime Minister Award for Excellence in Public Administration in 2007-2008.

Currently, 62% of imports to India pass through the so-called green channel, meaning that no examinations are conducted over these imported goods. Indian Customs are currently working in the development of further features such as an intellectual property rights module and a container selection module. The risk management system for exports was launched this year as a pilot project in two different locations while the risk management system for courier cargo is being developed.

The last presentation in this session was held by Nepal. The country is working hard to develop trade facilitating infrastructure such as dry ports and integrated border posts. Moreover, several trade related regulations have been updated recently.

EXTERNAL BORDER AGENCY COOPERATION IN THE SASEC REGION

Following a series of practical exercises developed by UNCTAD, delegates were invited to reflect on the possibilities to enhance external border agency cooperation in the SASEC region. Soon enough, a consensus was built among participants from all four South Asia countries: a heavy investment on infrastructure is crucial for the improvement of external border agency cooperation in the region. A part from the hard measures, the harmonisation of forms and procedures, as well as opening hours, should also be considered.

The proposal of activities to be undertaken in this field was presented in the Interregional Forum on Trade Facilitation that was organised by UNCTAD on 25-29 November in Geneva (see Page 10).

Participants during one of the group exercises.
On the third day, participants were joined by members of the national trade facilitation committees or consultation mechanisms from Bangladesh, Bhutan, India and Nepal. This event, financed by AUSAID and co-organised by UNCTAD and ADB aimed at helping trade facilitation committees to establish a first draft of the work plan for the next 12 months. The workshop was officially opened by His Excellency Glenn White, Australian Ambassador to Nepal, who encouraged participants with these words: “Australia supports SASEC in their wish to facilitate trade because we believe that inclusive growth is the best way to reduce poverty. Trade facilitation will also bring more regional cooperation and stability”.

A NEED FOR COORDINATION

Trade facilitation requires coordination: there are multiple public and private stakeholders involved, multiple control and enforcement agencies to be included and multiple laws, regulations, procedures and documents to be considered. But, what is exactly a trade facilitation committee?

A national TF committee is a forum to propose, discuss, consult and search consensus on facilitation measures between commercial parties and governmental authorities to improve international trade transactions.

There are two types of TF bodies, policy-oriented and operation-oriented. Policy-oriented TF bodies became popular in European countries in the 70s, following a recommendation of the United Nations Economic Commission for Europe. In the last ten years, policy-oriented committees focusing on the ongoing TF negotiations in the World Trade Organisation have also been established. Operation-oriented TF bodies are temporary and ad hoc committees that are formed in the context of a particular TF reform, such as the establishment of a single window or a port community system. The UNCTAD-ADB event focused on the policy-oriented TF bodies of SASEC countries.

UNCTAD presented an overview of trade facilitation bodies in the world based on the country cases contained in its recently launched online repository (see page 07). Key aspects such as objectives and scope, institutional framework, membership, budget and funding as well as impact and lessons learned where thoroughly described.

BEST PRACTICES OF TRADE FACILITATION COMMITTEES: THE CASES OF FINLAND, ITALY, JAPAN AND PAKISTAN

SASEC TF members got the opportunity to listen about the lessons learned by older TF committees such as the ones from Finland, Italy, Japan and Pakistan.

FINNIPRO, Finland’s pro-committee was established in 1973 as a private initiative to encourage the public sector to harmonise trade documents, in order to facilitate doing business with other countries. Forty years later, FINNIPRO continues its active work and cooperates closely with other forums such as Nordipro - a group of Scandinavian pro-committees and Europro - the European association of pro-committees. One of the partici-
pants asked Mr Jari Salo, who represented FINSIPRO at the workshop, about the costs of running such an organisation. Mr Salo answered with another question:

“Is trade facilitation expensive? Well, the question is rather: can we afford not to facilitate trade?”

Mr Mitsuru Ishigaki, Director of JASPRO, Japan’s pro-committee, described the work of his organisation and explained how it is financed. JASPRO receives an annual member’s fee from private enterprisers and private associations. It is a fee for registration and maintenance of trade facilitation company code. This code assigns each company a unique code which will later be mainly used during the Customs clearance process and to create useful statistics.

In Italy, facilitating trade was at the origin of the recently launched International Trade Hub-Italy. Some years ago, a Standing Committee on TF Strategy was created as a forum where the public and private sectors could discuss all the main topics related to international trade procedures. Four technical groups were created: 1) to determine problems and bottlenecks, 2) to facilitate electronic payments in the entire supply chain, 3) to integrate Customs clearance procedures among all the public institutions to create a single window, and 4) to manage aid for trade cooperation programmes. As a result of this, a programme aiming at facilitating foreign trade, growth and the internationalization of Italian small and medium enterprises was set up.

Mr Javaid Mansoor described in detail the working structure of Pakistan’s National Trade and Transport Facilitation Committee, which was created in 2001. Since then, the committee has produced concrete results such as the introduction of the United Nations Layout Key based document and standardised ship clearance forms, the launch of a web based One Customs System as well as the final accession of Pakistan to several international conventions (Istanbul Convention on ATA Carnet for Temporary Admission, Montreal Convention for International Carriage by Air, Revised Kyoto Convention on Simplification and Harmonization of Customs Procedures, Convention Concerning International Carriage by Rail). In his presentation, Mr Javaid summarized the ten key factors of success for a trade facilitation committee (see table).

“TF BODIES: ONE SIZE DOES NOT FIT ALL”

After getting inspired by the success stories from Finland, Italy, Japan and Pakistan, TF committee members from the SA-SEC countries worked in groups to come up with a first draft of the work plan for the next 12 months. Each work plan was presented to the audience, which gave an opportunity to reflect on common challenges and solutions ahead.

“When considering TF bodies: one size does not fit all”. With this conclusion, Ms Rose McKenzie, from the Asian Development Bank, put into words the thoughts of many of the participants. Even if listening to international best practices is inspiring and helpful, each country has a particular situation, its own priorities to be addressed, its own national challenges to be tackled. Thus, even if regional solutions are always welcomed, each national TF committee will have to find the best mechanisms and tools to foster trade facilitation reforms in the most efficient way.

**CONDITIONS FOR SUCCESS AND SUSTAINABILITY**

Javaid Mansoor
Executive Secretary
National Trade and Transport Facilitation Committee of Pakistan

1. Political will and commitment at highest level
2. Correct understanding and definition of public and private sector role
3. Ownership and commitment of key stakeholders
4. Committed lead agency
5. Representation of concerned ministries and public and private sector organisations at senior level
6. Institutional arrangement for functioning on permanent basis
7. Prior identification of key issues
8. Development of a funded project with well-defined objectives and action plan to provide technical support
9. Strong linkage with international trade facilitation institutions
10. Sound financial arrangement for running the Secretariat manned by professional staff on permanent basis

The Bhutanese delegation working on a 12 months work plan for its TF body. Photo: SASEC Secretariat

Please find all the presentation materials for the regional workshop on NTFCs at the following website page: http://bit.ly/1kgmnj

For more information, please contact Arántzazu Sánchez (arantzazu.sanchez@unctad.org), Trade Logistics Branch, UNCTAD

The Bhutanese delegation working on a 12 months work plan for its TF body. Photo: SASEC Secretariat

Please find all the presentation materials for the regional workshop on NTFCs at the following website page: http://bit.ly/1kgmnj

For more information, please contact Arántzazu Sánchez (arantzazu.san-
chez@unctad.org), Trade Logistics Branch, UNCTAD
REGIONAL SOLUTIONS FOR TRADE FACILITATION IMPLEMENTATION IN EASTERN CARIBBEAN STATES

UNCTAD / OECS workshop focused on capacity building and knowledge sharing on implementation of six selected trade facilitation measures included in the WTO trade facilitation package.

Under its technical cooperation activities on trade facilitation, UNCTAD and OECS Secretariat organised a workshop from 1 to 4 October 2013 in Castries, Saint Lucia. This knowledge-sharing activity was designed for the six OECS Member States - Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines - and aimed at discussing practical implementation issues and regional solutions on six selected trade facilitation measures contained in the future WTO Trade Facilitation Agreement. The workshop permitted participants to learn from each country’s experiences and share best practices; it included a half-day session to meet potential funding partners on trade facilitation in order to move forward from discussion to action.

The workshop was structured in eight parts and included both group-work and plenary sessions. The 39 participants represented governments of countries invited, the private sector, international organisations and donor’s agencies. The following six selected trade facilitation measures - Authorised Economic Operators, Average Release Times, Disciplines on Fees and Charges for Importation and Exportation, Enquiry Points, Single Window and Test Procedures - were all ranked as high priority by the six participating countries that considered that both technical assistance and time would be needed for the implementation the issues.

HIGHLIGHTS

- **Authorized Operators (AO): National systems of AO with the option of mutual recognition among the OECS Members could precede a regional solution.** Successful implementation of AO requires a preparatory phase to establish appropriate legislation, criteria for AO and data collection. Finally, this measure should be considered under the larger concept of Risk Management.

- **Average Release Times:** An in-depth study should be conducted at regional level to design the best method to measure average release times from the arrival of goods at entry point/port to its release and must include both imports and exports. Single Window measure would help capturing the release times.

- **Disciplines on Fees and Charges:** to successfully implement this measure alternative sources of revenue have to be found and sensitize people in the affected governmental administrations. A regional perspective for the application of this provision has not been addressed.

- **Enquiry Points:** It was deemed necessary to have clear procedures and legislation at a national level before moving to a regional solution on enquiry points. Moreover, at national level, there must be a leading agency for the implementation of EP as well as designated focal points.

- **Single Window:** All OECS Members use ASYCUDA (Automated System for Customs Data) for their import, export and transit procedures. While only a few already has a single window system operating on the ASYCUDA platform, all countries a moving to be able to develop this, which could contribute to a regional integration and exchange of data. The main obstacle to the full implementation of this measure is the integration of all stakeholders and coping with legislative issues (i.e. for e-payment, e-signature, etc.)

- **Test procedures:** basic infrastructure (laboratories) exists to undertake a second test as per WTO future TF Agreement but there is a need for improvement. National and regional implementation possibilities have been suggested.

During the last session technical assistance and partner organizations had the floor to present their programmes. Their contribution to the workshop was important in order to have a clear idea of their specific field of work in trade facilitation, and also their current/upcoming projects on TF in the sub-region. Participants could therefore establish contacts with Caribbean Community Secretariat (CARICOM), International Finance Corporation (IFC), Inter-American Development Bank (IDB) and Caribbean Development Bank (CDB).

CONCLUDING REMARKS

To conclude, change management strategies and capacity building remain key factors to successfully accompany the implementation of TF reforms.

Sharing experiences on implementation challenges of TF measures was very productive. It mainly implies a double contribution: to countries officials’ capacity building and improving the quality of UNCTAD’s support by a better understanding of key factors.

ON-GOING SUPPORT

This is the second regional workshop organized with the support of the European Union in the preparation of implementation plans for selected trade facilitation measures. The third and last workshop of the project will be organized in the first trimester 2014 for the Latin American countries having participated in the UNCTAD project on national implementation plans.
The government of Sweden has announced the launch of a new trade facilitation training facility in Arusha, Tanzania. The Swedish government, through its development agency SIDA, will provide an initial grant of approximately 1.6 million USD per year for 2014-2015. UNCTAD, the WTO, the International Trade Centre (ITC) and the World Bank will participate in the development and implementation of the training facility and its forthcoming training programmes.

The facility will provide training for participants from Africa, with a special focus on least-developed countries (LDCs). The training activities will support participating countries in implementing the WTO Trade Facilitation Agreement, which aims to reduce bottlenecks and improve procedures for the flow of goods across borders. The facility responds to the need for better coordinated and targeted training for government officials in Africa. The facility will also provide a platform for African government officials and Customs officers to exchange experiences. “The Trade Facilitation Agreement represents huge potential gains for developing countries. The facility will help African countries unlock this potential and is yet another confirmation of Sweden’s commitment to Aid for Trade,” said the Swedish Minister for Trade, Dr Ewa Björling.

The Trade Policy Training Centre in Africa Trapca was created in 2006 as a collaboration between the Eastern and Southern African Management Institute (ESAMI), Lund University, and SIDA. Sweden has supported Trapca continuously since then. Trapca conducts training in trade policy through short courses as well as a master’s course. The centre caters mainly for LDCs and the goal of the operation is to increase the trade policy capacity to negotiate and implement trade agreements in the region. Trapca is housed in ESAMI’s facility in Arusha, Tanzania. Trapca already has extensive experience in providing tailored training courses in cooperation with, for example, the World Bank and the World Trade Institute and regional players such as SADC, COMESA and EAC.

Source: African Press Organization
http://bit.ly/1dm0hlu
UNCTAD/TRAINFO TRADE’S PORT TRAINING PROGRAMME ORGANIZED THE FIRST STUDY TOUR ON PORT-RELATED ISSUES IN THE SPANISH-SPEAKING NETWORK

From 23 to 27 September 2013, Ms. Carmen Benitez Hernandez, CEO of Concesionaria Puerto Amazon SA (Peru), and Mr. Jiovanny Sosa Vela, Superintendent for Port Operations at Puerto Barrios (Guatemala), participated in the first study tour organized in the framework of the Spanish-speaking network of the Port Training Programme (PTP), in cooperation with the Port Authority of Gijon.

The participants were selected as a result of their outstanding performance UNCTAD’s Modern Port Management course in their countries.

The study tour on port-related matters (know-how, practices, policies and tools) is a new component in the Spanish-speaking network and a new element in UNCTAD’s strategy to support port communities in quest for efficient and competitive port management services. In this context, the study tour aimed to: a) contribute to the strengthening of the participants’ professional and managerial competencies; b) provide the participants with an opportunity to apply the knowledge gained through the PTP; and c) promote knowledge sharing through the exchange of information and experiences between private and public port representatives of the port communities participating in the programme.

The five-day intensive programme was devised in collaboration with the Port Authority of Gijon. The agenda included not only visits to the Port of Gijon, but also to different organizations of the port community, including meetings with Ms. Rosa Isabel Aza Conejo, President of the Port Authority of Gijon and port directors and authorities from private and public organizations. The study tour also included practical working sessions. The meetings and working sessions provided the opportunity to discover, learn and discuss about concrete managerial and operational issues. In this regard, Ms. Benitez Hernandez highlighted that, “Meetings with authorities and those responsible for different areas of the port were fundamental. The exchange of experiences, problems and solutions enabled us to further understand the challenges and dynamics in different port sectors, seen from the perspective of the private and public sectors.”

Participants encouraged UNCTAD to continue organizing these type of professional experiences for participants of the PTP, in particular for the participants from port communities in Latin America and the Caribbean. The participants stated that the study tour had a positive impact on their professional career development and will enable them to contribute more effectively to management strategies in their port communities and in the region. In this sense, Mr. Sosa Vela recommended to “continue with these initiatives through study tours or internships, to further strengthen the links between the network, in order to improve port-related activities and obtain maritime transport facilitation at a competitive cost.”

The participants’ favorable evaluation of the study tour and their recommendations and suggestions have been taken into consideration and included in the work plan of activities for the new training cycle in Latin American and the Caribbean region. This cycle started in March 2013 with the organization of a training of trainers workshop on modules 1 to 4 of the Modern Port Management course. The workshop took place in Valencia (Spain) in collaboration with Valenciaport Foundation and the Port Authorities of Valencia and Gijon. The senior and middle managers from the port communities that were trained as trainers are already serving as local instructors for the PTP in their respective port communities.

Port communities in the region expressed their interest in becoming members of the Spanish-speaking network during the Regional Meeting on Modern Port Management, organized in Mexico in 2012 in collaboration with the Mexican Government and the Port Authorities of Gijon and Valencia, and during the VIII meeting of the Inter-American Committee on Ports/OAS, held in Cartagena de Indias (Colombia) in September 2013. These port communities have been invited to attend the upcoming training of trainers workshop to be held in Gijon in March 2014.

The activities related to the Spanish-speaking network are supported by the Spanish Government (Puertos del Estado) and the Port Authorities of Gijon and Valencia, in the framework of the Memorandum of Understanding they signed with UNCTAD. At the same time, country members contribute financially to the Port Training Programme. This self-sustaining aspect indicates the level of commitment and interest from the national port authorities and ensure the sustainability and local governance of the programme.

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UNACCEPTABLY HIGH TRADE COSTS UNDERMINE BENEFITS FOR LEAST DEVELOPED AND LANDLOCKED DEVELOPING COUNTRIES

UNESCAP publishes the Asia-Pacific Trade and Investment Report 2013

Along with improving the availability of, and access to trade related infrastructure, streamlining trade procedures has become essential for firms in developing countries to participate effectively in the regional and global production networks that are responsible for an increasing share of global trade flows. This year’s Report uses three different metrics to track the progress of regional economies in terms of trade facilitation. Based on the findings of ESCAP’s survey, despite the significant overall progress observed, implementation of specific trade facilitation measures in the region’s developing economies is generally lacking. Not surprisingly, implementation of trade facilitation and paperless trade varies significantly across Asian countries: Singapore, Japan and the Republic of Korea lead the way, followed closely by Thailand. In contrast, the least developed countries and landlocked developing countries from the region generally remain far behind in overall implementation of trade facilitation and paperless trade. It is encouraging, however, that many of these countries have established national trade facilitation bodies to facilitate both inter-agency and public-private sector collaboration on trade facilitation.

This Report also uses the most recent version of the ESCAP-World Bank Trade Cost Database to review the performance of economies in the Asia-Pacific region. In most cases, it remains costlier to trade between Asian subregions than between Asian subregions and countries or regions outside Asia and the Pacific. For example, the cost of trading between the ASEAN-4 economies (Indonesia, Malaysia, the Philippines and Thailand) and SAARC-4 (Bangladesh, India, Pakistan and Sri Lanka) is almost double that between the ASEAN-4 and the United States. Similarly, trade costs between North and Central Asia and the ASEAN-4 are more than twice those between North and Central Asia and the France, Germany and the United Kingdom (the EU-3).

The third metric used in the Report is a newly designed index measuring the overall trade facilitation performance of a country along the international supply chain (for more information see coming pages). This index is based on the Trading Across Border indicators from the World Bank Doing Business Report and the Liner Shipping Connectivity Index of UNCTAD. The top five world performers (out of 180 economies) in terms of their connectivity to international supply chains are all Asia-Pacific economies, namely, Singapore; Hong Kong, China; the Republic of Korea; China; and Malaysia. In general, countries from East and South-East Asia have better Connectivity Index scores than those from other subregions in Asia and the Pacific. Mongolia, although landlocked, obtains a higher ranking compared to many other developing countries since it uses China’s maritime ports. South Asia and Central Asia subregions fare much worse, with Sri Lanka the only country that ranks within the top tier of the 180 countries included in the ranking.

Much of this year’s Report is devoted to an examination of the circumstances under which trade, investment, and trade facilitation can support inclusive growth: that is, growth which benefits all. The main message of the Report is that the region’s dominant export led growth model should not be abandoned but needs to be supplemented by a range of complementary measures and policies, not the least social protection and employment policies to make trade and investment more inclusive. Recommendations related to trade facilitation featured in the report include (1) Improve (behind-the-border) domestic business environment, including availability and access to logistics and financial infrastructure and services, to facilitate sharing and transmission of benefits from trade to micro, small and medium-sized enterprises (MSMEs); (2) Facilitate transfer of technology and build capacity for adoption of paperless trade and e-commerce, especially for MSMEs; (3) Support development of economic corridors for increased participation of the local communities in providing trade support services; (4) Facilitate agricultural trade as part of an overall strategy to address food security, safety, nutrition issues, taking into account both the need for increased income as well as cheaper imports for the poor. A regional arrangement on the facilitation of cross-border paperless trade, as envisaged in ESCAP resolution 68/3 adopted by ESCAP member States in May 2012, would certainly also be helpful in reducing the trade facilitation gaps between countries of the region towards more inclusive development.

Source: UNESCAP
For more information: please visit: http://bit.ly/18ygzzz
The conference was organized during the Third Asia-Pacific Trade and Investment Week held by the UN Economic and Social Commission for Asia and the Pacific (ESCAP) and is part of the ‘Joint UN Regional Commissions Approach to Trade Facilitation’. Building on the first Conference held in December 2011 in Geneva, the theme of this year’s Global event was ‘Beyond Single Window: Paperless Supply Chains for Trade Facilitation and Inclusive Development’. The conference brought together policy makers, private sector service providers and experts from about 40 countries from around the world. About 96 percent of participants indicated that they had improved their knowledge on the topics discussed, whereas 94 percent noted that they would be able to use the knowledge and skills acquired at the conference to formulate trade facilitation policies.

The Conference highlighted the significant performance gaps among countries and regions in terms of trade costs and supply chain connectivity. According to the ESCAP-World Bank trade cost database, while some developing countries have become more integrated into global trade, many have seen their relative position in terms of trade cost deteriorating because the rest of the world is moving more quickly in streamlining trade procedures. A new International Supply Chain Connectivity Index (ISCCI), released during the Global Conference along with the Asia-Pacific Trade and Investment Report 2013, suggested that learning from the experience of Asian countries may be particularly useful as the World’s five most connected economies were now all located in East or South-East Asia.

The conference acknowledged the significant progress made in many developing countries, including least developed countries, in automating Customs procedures and developing national single windows and related paperless systems for trade facilitation.

In light of the investments being made in national systems and the increasingly stringent supply chain security requirements in major markets, the Conference called on countries and regions to work together to ensure inter-connectivity of paperless trade systems within and across countries. This would ultimately enable the development of paperless supply chains, where all the parties involved in an international trade transactions exchange information and documents in electronic rather than paper form, leading to tremendous increase in transparency and efficiency. The regional arrangement for cross-border paperless trade facilitation under discussion among ESCAP Member States could provide a good framework for other world’s region, along with related UN/CEFACT recommendations being developed at UNECE.

The conference concluded that moving towards cross-border paperless supply chains was both visionary and timely, but stressed that this was a long-term effort that required close collaboration among countries as well as among the public and private sector.

Within the public sector, transferring knowledge from Customs to other government agencies (OGAs) involved in trade control would be important as OGAs often lagged behind in terms of use of modern information and communication technologies. Institutionalizing public-private sector collaboration and developing conducive national and international legal frameworks would also be essential. In that context, the conference emphasized the need for development partners to provide sufficient capacity building and technical assistance to developing countries for trade facilitation and paperless trade, in particular least developed and land-locked countries.

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UNESCAP INTERNATIONAL SUPPLY CHAIN CONNECTIVITY (ISCC) INDEX

An international supply chain involves, in its simplest form, moving goods from a production facility in one country to a warehouse or distribution center in another country. In a regional and global production network context, facilitating trade for a given country involves not only facilitating movement of final goods from factory to the port, but (1) facilitating import of parts and components and their movement to a production facility, as well as (2) facilitating export of the processed good from the production facility to the port. Taking into account that around 80% of international trade still takes place via seaports, a country’s participation in international supply chains therefore depends not only on the efficiency of the procedures associated with moving goods from (to) factory to (from) the port but also on how well that port is connected to other countries.

The ESCAP International Supply Chain Connectivity (ISCC) Index is developed to measure the overall trade facilitation performance of a country along the international supply chain. ISCC is based on the trading across border (TAB) indicators from the World Bank Doing Business Report and the Liner Shipping Connectivity Index (LSCI) of UNCTAD. The Index provides an overall performance score for a particular country based on its performance in terms of (1) TAB underlying import indicators (i.e. number of documents, time, and cost involved in import); (2) TAB underlying export indicators (i.e. number of documents, time, and cost involved in export); and (3) the UNCTAD LSCI score. Equal weight (one third) is given to import, export and liner shipping performance for non-landlocked countries. The current version of this database includes the data from 2006-2012 for 179 countries.

CONSUMERS AND SMEs COULD BENEFIT FROM GREATER TRADE FACILITATION

Trade facilitation has largely been beneficial but its effects have been unevenly distributed and panelists at a workshop at the WTO Public Forum on 3 October said that small and medium-sized enterprises (SMEs) and consumers in developing and least developed countries (LDCs) stood to gain significantly from a trade facilitation agreement.

IMPORTANT FOR CONSUMERS AND SMEs

‘Trade facilitation is even more important for consumers today,’ said Jan Hoffmann, Chief of the Trade Facilitation Section at the United Nations Conference on Trade and Development (UNCTAD).

Panellists said that progress on the establishment of Trade Facilitation National Committees – the main entry point for consumers’ involvement – had been slow. Nonetheless, consumers have more at stake than wanting low-cost goods.

‘They want access to goods, maintenance of supply, post-purchase services and quality, as well as the flow of essential goods such as food, drugs and seeds,’ said David Vivas Eugui, Senior Advisor, CUTS International in Geneva.

Panelists said that encumbrances to trade such as high Customs compliance costs and bottlenecks at borders had a proportionately greater effect on SMEs, which could entirely be shut out of the international trading system by delays and lack of predictability in trade rules.

‘In most developing countries, SMEs make up the biggest share of GDP and are also the biggest employer, so there is the social impact to consider,’ Mr Vivas said. ‘Many SMEs and traders do not use formal channels, which reduces income for the State. Most SMEs trade regionally and intra-regionally and also produce intermediate goods.’

Among the trade facilitation measures that affect SMEs, Mr Hoffmann highlighted risk-assessment as a ‘win-win’. If done right, fewer documents and containers must be checked, even as the odds increase that Customs officials will locate problematic or risky cases.

Mr Hoffmann said that other developmental benefits of trade facilitation for developing countries and LDCs include an increase in formal trade, which in turn increases revenue collection, as documented by countries that have implemented UNCTAD’s Automated System for Customs Data (ASYCUDA). Trade facilitation measures can also have spill-over effects, such as improving information technology, improving governance, empowering women and strengthening regional integration, he said.

‘Much of trade facilitation is about fixing problems,’ concluded ITC’s Mr Aggarwal.

Source: International Trade Centre
Extracts from the article published at: http://bit.ly/19bZVBb
TRADE FACILITATION FROM AN AFRICAN PERSPECTIVE

This paper from the UN Economic Commission from Africa (UNECA) provides a thorough analysis of key trade facilitation issues from an African perspective, highlighting what is at stake for the continent, thereby contributing to inform the opinions of African negotiators at a critical juncture.

The premise of this analysis is that there is a consensus in the empirical literature, regardless of the methodology used, on the positive and significant impact trade facilitation could have for Africa’s trade performance. This paper takes a technical stance and focuses on the four key aspects related to trade facilitation, as outlined below.

First, by analysing relevant indicators from the World Bank Doing Business database, the paper compares red tapes and transaction costs (for what pertains to international trade) within Africa, as well as with the rest of the world. In light of the disproportionate magnitude of transaction costs by international standards, the analysis confirms how critical trade facilitation is for Africa. In addition, the reviewed evidence highlights the different incidence of transaction costs distinguishing between exports and imports flows, and underscores sub-regional and cross-country variability (with special reference to landlocked countries).

Secondly, the paper investigates the pattern of imports of African countries, focusing in particular on intermediate inputs. This analysis permits grasping the extent to which trade facilitation could boost exports not only by directly cutting transaction costs, but also indirectly through providing cheaper access to production inputs to be transformed domestically and then possibly re-exported. Though currently this indirect effect appears to play a rather limited role, in view of Africa’s persistent dependence on primary commodities, it is certainly far from negligible. Moreover, such an indirect effect is set to gradually become more relevant, in so far as economic diversification advances and African firms successfully connect to regional and global value chains.

Third, the paper reviews the precise instruments covered by the draft negotiating text tabled at the World Trade Organisation, and compares them with the instruments already agreed within Africa at the level of Regional Economic Communities, as well as with legal provisions at the national level. This enables an assessment of the consistency of the multilateral agenda with Africa’s regional integration agenda and national policies, while also identifying areas of potential synergies and complementarities between the three. The paper also assesses the potential synergies and complementarities between the World Trade Organisation proposal and related multilateral conventions such as the Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures and the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention).

Finally, the paper sheds some light on the costs underlying trade facilitation activities. Adequately “costing the trade facilitation agenda” is not only crucial in relation to Africa’s need for development finance, but also in view of the fact that the modalities of the proposed trade facilitation agreement introduced a unique feature: the implementation of certain commitments (the so-called category C) is conditioned upon the delivery of technical and financial assistance.

Conclusions and policy implications

This paper has shown that high transaction costs in Africa undermines Africa’s industrialization and structural transformation agenda, hindering value addition and perpetuating the continent’s long-standing concentration on primary commodities exports. Overall, Africa’s reliance on imported inputs from outside the continent concerns with the evidence of increasing export concentration on primary commodities, and limited weight of intra-industry trade. The fourfold expansion of intermediate imports within a decade however suggests an incipient intensification of economic linkages along the value chains, particularly in the case of some fast-growing economies in East and Southern Africa.

This study has shown that high transaction costs in Africa undermines Africa’s industrialization and structural transformation agenda, hindering value addition and perpetuating the continent’s long-standing concentration on primary commodities exports.

The following conclusions emerged from the analysis of this study:

- Trade facilitation is an imperative for boosting intra-African trade and realising the Continental Free Trade Area;
- The provisions of the World Trade Organisation trade facilitation negotiated text appear to be relevant and generally consistent with African trade facilitation objectives at
the national, sub-regional and continental levels;

• Given that the benefits of trade facilitation are likely to exceed the costs, according to findings of empirical studies: African countries have an interest in cutting transaction costs regardless of the World Trade Organisation process. Indeed many of them are already implementing activities that address several provisions of the draft negotiating text in the context of their regional integration agenda;

• African countries and Regional Economic Communities have to scale up ongoing efforts using domestic resources to the extent possible;

• Some African countries have demonstrated the ability to design and implement trade facilitation measures by themselves and even to provide technical support to other African on the continent; and

• Generally, African countries seem to have the preference for sub-regional and bilateral agreements over international conventions on trade facilitation.

Finally, the study shows the wide variation in the costs of implementing trade facilitation measures, depending on factors such as size of economy; extent of existing systems; use of Public Private Partnerships; sophistication of design in terms of technology and equipment; and existing customs automation; among others. Generally, operating costs are perceived to be much lower than setup costs, except for measures such as online publication and national trade facilitation committees.

Source: UNECA
More information: http://bit.ly/1KwXxd
TRANSPORT POLICIES ARE KEY FOR SUSTAINING ECONOMIC GROWTH ACROSS AFRICA

When we drive down a road, hop on a bus to get across town or take a ferry to reach the other bank of the river, we are aware of the means of transportation or the actual infrastructure that takes us from point A to point B. Few of us ever think of the policy framework that enables such networks to develop, let alone expand and respond to the ever-increasing demands of growing populations and communities.

Yet policy is as important as infrastructure itself because it provides the enabling environment for decision-makers to determine which legislation and regulation are needed, how best to implement them and how to ensure that investments in the transport sector will benefit everyone. This is why the European Commission, and other partners, initiated the Africa Transport Policy Program (SSATP) to facilitate policy development and capacity development in the transport sector in Africa.

The SSATP is a partnership created in 1987 that currently comprises 38 African countries, regional economic communities, continental institutions (African Union Commission), U.N. agencies (UN Economic Commission for Africa), public and private sector organisations, and international development agencies and organisations.

SOURCE: European Commission
Find out more at: http://bit.ly/1enL4pk
CUSTOMS AS DEVELOPMENTAL AGENCY?

In many (if not most) countries of the world, Customs offices have assumed less importance over time as a revenue agency, but are being measured more in their key role in trade facilitation, a crucial element in all modern international trade agreements. In the ASEAN Economic Community (AEC) Blueprint, for example, prominent among the outstanding commitments made by member-countries in the trade pact are trade facilitation measures primarily in the hands of their Customs authorities. This is especially because the elimination of import tariffs is nearly complete, save for a few commodities that the countries consider sensitive, such as rice in our case. (It is for this reason, by the way, that oft-expressed fears that we would be suddenly deluged by an onslaught of competing products from our ASEAN neighbors once AEC takes effect in 2016 are largely misplaced.)

Indeed, there is a trend all across the world of greatly diminished dependence on trade taxes as a contributor to government revenues. In a list of 160 countries compiled by the World Customs Organization (WCO), around two-thirds of countries now have Customs duties contributing only less than one-tenth of total revenues. Those at the upper end of the list are mostly least developed countries in Africa, with the exception of Bahrain and Kuwait (because both collect no personal income taxes). The Philippines appears at the middle (70th in the list ranked from lowest to highest percentage), with our Customs duties accounting for 7.4 percent of total government revenues. Among our ASEAN neighbors, Singapore has 0.03 percent (third in the list), Malaysia 1.3 percent (28th) and Thailand 5.8 percent (68th); Indonesia has no data.

In light of such trend, the WCO has been playing down the fiscal (revenue-raising) function of Customs authorities. Greater emphasis is now placed on their economic development function via trade facilitation, alongside the control function (combating commercial fraud and illegal cargo like prohibited drugs) and protection/security function (countering terrorist activity).

Trade facilitation is defined as "the simplification and harmonization of international trade procedures," referring to "activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade." The aim is to reduce associated cost burdens and maximize efficiency, while safeguarding legitimate regulatory objectives. Business costs are affected by the need to provide information, submit declarations and submit to border checks, which lead to time delays, forgone business opportunities and reduced competitiveness.

With tremendous growth over the years in cross-border movement of commodities, as international trade has grown by leaps and bounds, the need to streamline and minimize disruptions to the movement of goods due to border procedures assumes great importance. Hence, these have become the subject of major international trade agreements and protocols, the most encompassing being WCO’s Revised Kyoto Convention, which the Philippines is signatory to. Similar provisions are part of the AEC Blueprint and the Philippines-US Trade Facilitation Protocol.

Are we compliant with our trade facilitation commitments under these international agreements? Sadly, no—and this is one reason we continue to have difficulty attracting foreign investments. Measures we have yet to deliver include pre-arrival clearance to expedite release of cargo, and full implementation of the National Single Window (a single online platform for obtaining various required clearances for import shipments). With attention inordinately focused on its revenue collection role, Customs’ developmental role as trade facilitator has been all but neglected.

Hopefully, its recent revamp and its reinvention via the Customs Modernization and Tariff Act now pending in Congress could change all that. It is crucial that the latter ensure consistency with global norms and compliance with our international commitments.

Customs as a developmental agency? In this globalizing world, this is in fact what it is supposed to be.

Source: Extract from the article published at the Philippine Daily Inquirer: http://bit.ly/1dm04Pn
SPECIAL EVENT
MULTI-YEAR EXPERT MEETING ON TRANSPORT, TRADE LOGISTICS AND TRADE FACILITATION
SECOND SESSION - GENEVA, 1-3 JULY 2014

The Multi-Year Expert Meeting on Transport, Trade Logistics and Trade Facilitation addresses emerging and persistent challenges that developing countries are facing and which need to be dealt with as a matter of priority. Previous meetings have confirmed that some countries still need specific attention in the area of transport and trade facilitation and that multilateral negotiations processes, such as the WTO Doha Round, may bring new opportunities for progress in achieving trade logistics efficiency.

Trade facilitation is receiving increasing attention and investment at national, regional and multilateral level. The increasing number of regional trade agreements on trade facilitation may pose additional challenges to trade facilitation, but may also promote reform and a further global harmonization of rules.

There is a need to share experiences and best practices in trade and transport facilitation committees to ensure collaboration and coordination among stakeholders in the implementation of trade facilitation reforms. Customs automation programmes, such as ASYCUDA, as well as lessons learned from UNCTAD and other Annex D organisations and partners of the Global Facilitation Partnership in the development of trade facilitation implementation plans will also be addressed.

During the three-day meeting, experts will discuss and analyze trade facilitation implementation plans, ways to mainstream trade facilitation in the development strategies of LDCs and other structurally weak, vulnerable and small economies, and its impact on the trade, including on the trade balance, of some countries.

The experts will aim at contributing to a better understanding of benefits and costs related to trade facilitation. They will also look at the impact of trade facilitation and Customs automation programmes on the trade of developing countries including LDCs and other structurally weak, vulnerable and small economies as well as the importance of mainstreaming trade facilitation implementation plans in development strategies.

The meeting should also identify areas for further research contribute to the further strengthening of the existing collaboration among networks of transport and trade facilitation experts. Finally, the meeting aims at providing policy makers and negotiators with a better understanding of regional and multilateral agreements in the fields of trade facilitation and of the implementation of the resulting commitments, including through regional collaboration mechanisms.

Experts to be invited to the multi-year expert meeting will include those from ministries and agencies dealing with trade, trade logistics, transport and auxiliary services, including Customs. Experts will also come from other IGO’s, civil society and the private sector, including traders, industry, service providers, and international financial institutions.

For further information contact Jan Hoffmann, Trade Logistics Branch, Division on Technology and Logistics, UNCTAD, jan.hoffmann@unctad.org

PROCEEDINGS AND UPCOMING EVENTS

Ti Conferences
The presentations held during the Ti Conference that took place in Singapore in September 2013 are available online and include information on the 2013 Agility Emerging Markets Index, the impact of trade on Asian supply chains or transport Infrastructure – the road to economic and social cohesion, among others.

http://bit.ly/1caRs1n

Borderless 2014
26-28 February 2014, Lagos, Nigeria
Under the theme “Enabling Growth”, the conference will bring together stakeholders from across West Africa and beyond to discuss strategy, network and collaborate to enable growth and achieve sustainable economic development.

http://www.africanlogisticsconference.org
way forward through the adoption of some initial mea-
sures. These include both “soft” and “hard” adaptations that
may be spearheaded by individual port entities, but will
require collaboration and support from a broad range of
public and private sector stakeholders and from society at
large. In particular, the essay highlights a need to shift to
more holistic planning, investment and operation.

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For more information:
http://unctad.org/ttl/legal
http://bit.ly/1dm00Pu

FEATURED PUBLICATION
ADAPTING GLOBAL PORTS TO IMPACTS OF
CLIMATE CHANGE

Expert collaboration following UNCTAD meeting results in publication of multidisciplinary academic paper

As a concrete follow-up to an UNCTAD expert meeting, a multidisciplinary academic paper entitled “A note on climate change adaptation for seaports: a challenge for global ports, a challenge for global society” has been published.

Experts at the 2011 Expert Meeting on Climate Change Impacts and Adaptation: A Challenge for Global Ports, agreed that there was a need to raise awareness about the complex implications that climate change may have for ports and related transport networks. Among the issues highlighted was the need for further research and analysis and the importance of collaboration and dialogue between all stakeholders to help bridge the gap between science and policy. As one concrete next step, several of the experts agreed to prepare a joint academic paper on the subject, taking a multidisciplinary approach. As a result of this collaborative initiative, an academic paper prepared by a team of authors from a broad range of backgrounds has now been published in the journal Climatic Change. The paper draws on the diverse range of complementary areas of expertise and knowledge of port planners and policymakers, industry representatives, intergovernmental and nongovernmental organizations, scientists and engineers.

Abstract

With 80 % of world trade carried by sea, seaports provide crucial linkages in global supply-chains and are essential for the ability of all countries to access global markets. Seaports are likely to be affected directly and indirectly by climatic changes, with broader implications for international trade and development. Due to their coastal location, seaports are particularly vulnerable to extreme weather events associated with increasing sea levels and tropical storm activity, as illustrated by hurricane “Sandy”.

In view of their strategic role as part of the globalized trading system, adapting ports in different parts of the world to the impacts of climate change is of considerable importance. Reflecting the views of a diverse group of stakeholders with expertise in climate science, engineering, economics, policy, and port management, this essay highlights the climate change challenge for ports and suggests a way forward through the adoption of some initial measures.

These include both “soft” and “hard” adaptations that may be spearheaded by individual port entities, but will require collaboration and support from a broad range of public and private sector stakeholders and from society at large. In particular, the essay highlights a need to shift to more holistic planning, investment and operation.

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Efficient Hinterland Transport Infrastructure and Services for Large Container Ports

Michele Acciaro and Alan McKinnon

This paper provides an overview of the state of the art in hinterland transport management, focusing on the challenges that the development of new container terminal infrastructure is likely to bring to the local communities. Recommendation and a set of good practice case studies of good practice are also provided.

http://bit.ly/1enKYxX

The implications for port development on the West coast of South America: the case of Chile

Gordon Wilmsmeier

This paper, written by Gordon Wilmsmeier from the UN Economic Commission for Latin America and the Caribbean in the framework of the International Transport Forum, predominantly on the challenges for port development, in some important sense cannot help but also be about the deeper phenomena of structural change in the maritime industry and geographical shift. The main objective is to analyse the evolution of symptoms of change in the liner shipping industry within South America and more particularly on the West Coast, as these changes are direct drivers for port infrastructure and port system development, which is both economically interesting and a matter of serious policy significance in its own right.

http://bit.ly/1enKYxX
Behavioral economics and public sector reform: an accidental experiment from Cameroon

Gaël Raballand and Anand Rajaram

Starting with the hypothesis that behaviors are the critical (and often overlooked) factor in public sector performance, this paper explores the notion of how behavioral change (and thus institutional change) might be better motivated in the public sector. The basis for this study is “an accidental experiment” resulting from the World Bank’s operational engagement in Cameroon. In 2008, World Bank staff successfully concluded preparation on a project to support the Government of Cameroon to improve transparency, efficiency, and accountability of public finance management. Independently and concurrently, other Bank staff initiated a low-profile, technical assistance project to improve performance in Cameroon’s Customs. One approach appears to have succeeded in initiating change while the other has signally failed. The paper confirms the value of using ideas from behavioral economics, both to design institutional reforms and to critically assess the approach to institutional reform taken by development agencies such as the World Bank.

http://bit.ly/1FlV3lm

Does the semi-autonomous agency model function in a low-governance environment? The case of the road development agency in Zambia

Gaël Raballand, Kate Bridges, Monica Beuran and Audrey Sacks

This paper uses Zambia as a case study to assess empirically whether political interference in a low-governance environment has diminished in the past years as expected after a semi-autonomous agency model was set up ten years ago. The road sector in Zambia has experienced some significant developments since then. The paper uses data on contract from 2008 to 2011 and analyses a number of key trends related to Road Development Agency governance and staffing dynamics as well as procurement and project selection within the institution.

http://bit.ly/1caRl66

Smart Transport Networks

Thomas Vanoutrive, Ann Verhetsel

This book addresses several contemporary topics, such as changes in port competition, adaptation of transport to climate change, changing market structures, the importance of changing consumers’ preferences, errors in forecasting, and trends in international goods transport.


Efficiency and Innovation in Logistics

Uwe Clausen, Michael Hompel and Fabian Meier

This volume presents up-to-date logistics research in all its diversity and interconnectedness. It grew out of the “International Logistics Science Conference” (ILSC) held in Dortmund in September 2013, bringing together leading scientists and young academics from nine different countries. The conference was jointly organized by the “Efficiency Cluster Logistics” and the “Fraunhofer Institute for Material Flow and Logistics”.

The Program Committee used a double blind review process to choose the 12 strongest contributions, which were then grouped in four areas:
- Sustainability logistics, including electric mobility, smart information, communication technologies and corporate social responsibility management
- Intralogistics, including the detection of autonomous vehicles, 3D computer vision and sensor functions for forklift trucks
- Transport logistics, including distribution centre organization, delivery performance in railway systems and logistics reference modelling
- Logistics facilities, including environmental impact of container ports, parcel sorting systems and model based systems engineering.
