

Disclaimer

" This is draft document which has not undergone official clearance. It is for information purposes only. The designations employed and the presentation of material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities. Please do not disseminate without UNCTAD's permission."



TRADE FACILITATION BODIES IN THE WORLD

**AD HOC EXPERT MEETING ON
TRADE FACILITATION COMMITTEES**

4 July 2014

Arántzazu Sánchez Belastegui



THE METHODOLOGY OF THE STUDY

Page 15 of the draft document



New approach to studies on TF committees

The study aims at providing the TF stakeholders with:

- o an overview of existing national trade facilitation bodies from a comparative perspective **NEW**
- o a complement for the existing guidelines and recommendations issued by other UN agencies in order to encourage the creation and consolidation of national trade facilitation bodies.

New approach to studies on TF committees

This study could be useful for those stakeholders that plan to undertake

- o technical assistance,
- o capacity-building efforts,
- o supply chain security initiatives,
- o Customs modernisation programs,
- o aid for trade
- o or any other development projects with an impact on trade facilitation.

New approach to studies on TF committees

- o Based upon country experiences, it highlights the **key steps towards effective and strong trade facilitation bodies**.
- o it points out the **main obstacles** that these committees confront and comes up with **solutions** taken from successful cases.

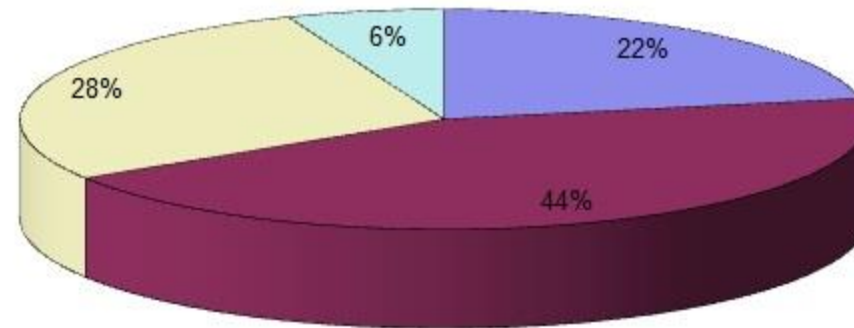
50 countries have answered to the questionnaire

The same questionnaire (**open-end questions**) was sent to:

- o WTO negotiators of the TF agreement
- o Country missions to the UN
- o Counterpart in capital with whom we were in contact thanks to our projects and conferences
- o The majority of country cases were gathered from **Autumn 2012 to Autumn 2013**

The sample is representative

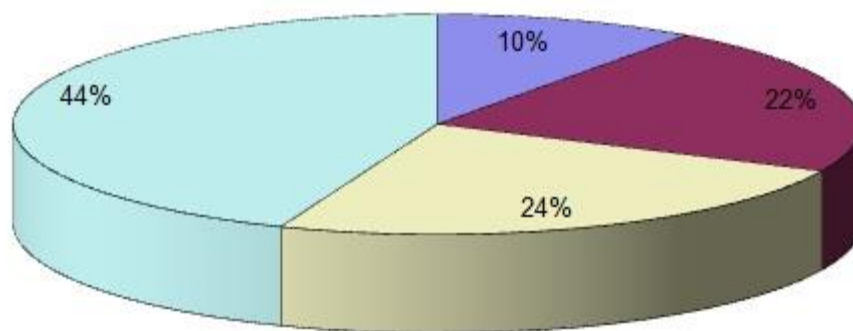
Sample per level of development



■ Developed countries ■ Developing countries □ LDC □ Transition Economy

The sample is representative

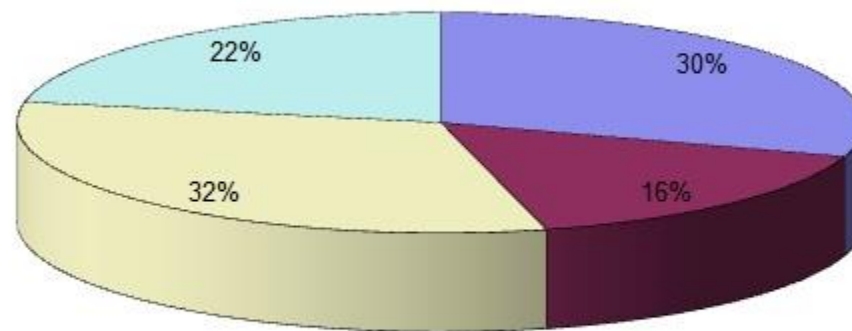
Sample per type of body



- National Trade and Transport Facilitation Committee
- National Trade Facilitation Committee
- PRO-committee
- WTO Negotiations on trade facilitation support group

The sample is representative

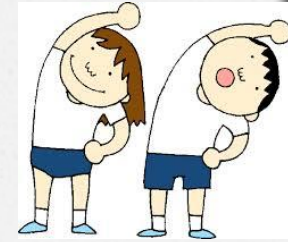
Sample per region



■ Africa ■ Americas □ Central, eastern, southern and south-eastern Asia □ Europe

WARM UP EXERCISE

What are the most relevant factors for the sustainability of a TF body?



- Well-defined objectives
- A defined scope of work
- A legal framework institutionalising the TF body
- Meeting on a regular basis
- Concrete terms of reference / a work plan
- A permanent secretariat
- Enough financial resources
- Regular participation of the private sector
- Participation of all public agencies involved in TF
- Participants having knowledge on trade facilitation
- Awareness of the importance of trade facilitation among stakeholders
- Strong political commitment
- Strong leadership by the coordinating agency
- Appropriate monitoring and evaluating tools
- Trust and respect among stakeholders
- An efficient work structure and methodology (groups, subgroups, etc)
- Technical assistance and training for the members of the TF bodies

RESULTS OF THE STUDY



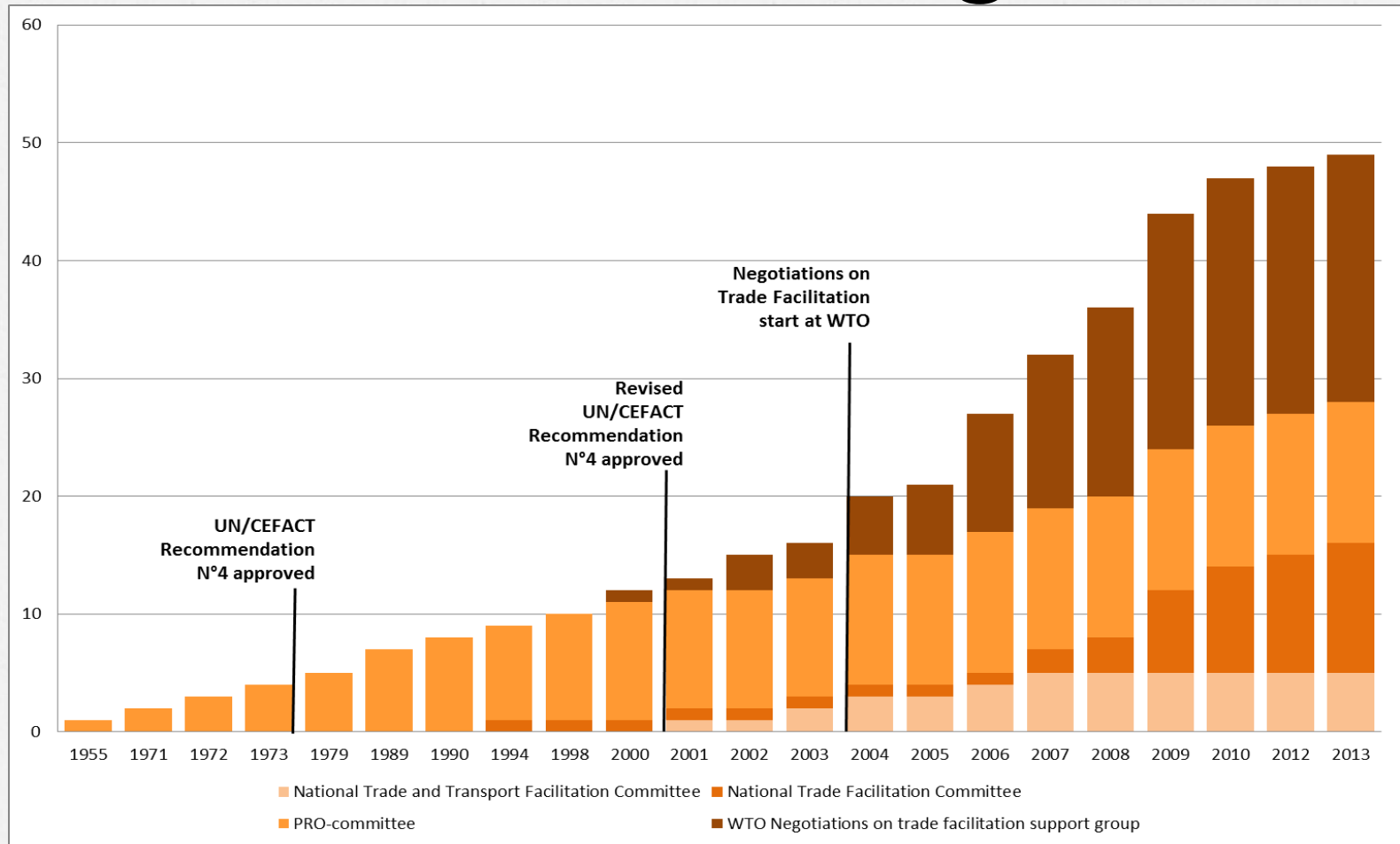
AHEM will focus on...

- o Motivation for creation of committees
- o Objectives and scope
- o Degree of institutionalisation
- o Regularity of meetings
- o Terms of reference
- o Coordinating agency and permanent secretariat
- o Financing national TF bodies
- o Composition
- o Success factors
- o Main obstacles
- o Main lessons learned

AHEM will focus on...

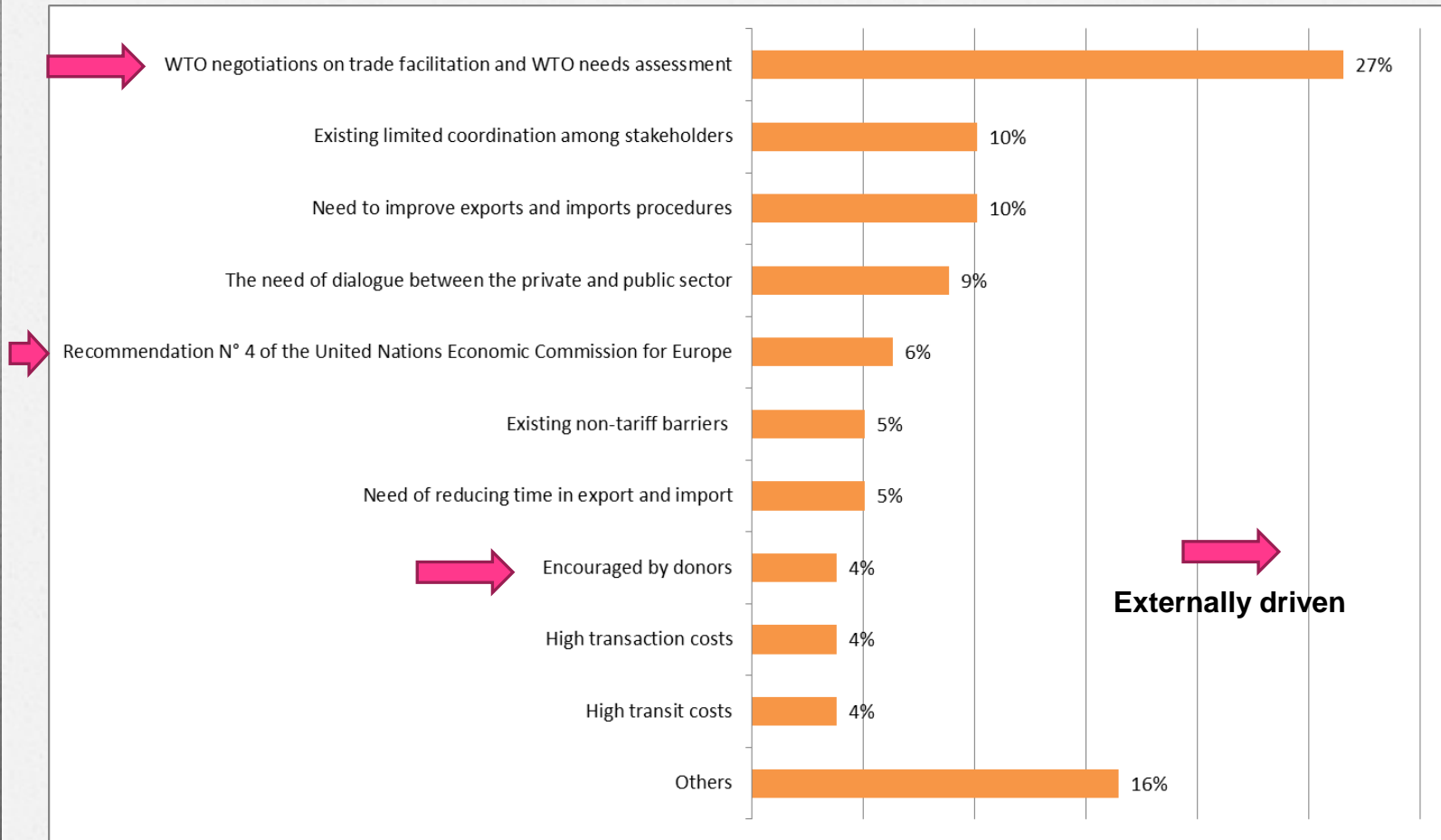
- o **Motivation for creation of committees**
- o Objectives and scope
- o Degree of institutionalisation
- o Regularity of meetings
- o Terms of reference
- o Coordinating agency and permanent secretariat
- o Financing national TF bodies
- o Composition
- o Success factors
- o Main obstacles
- o Main lessons learned

Number of existing NTFBs



MOTIVATIONS

Motivations could be categorised as externally or internally driven.



MOTIVATIONS

- **Developed countries** → internally driven motivation (need to improve export and imports procedures)
- **Developing and least developed countries** → externally driven motivations, (the WTO negotiations on trade facilitation and WTO needs assessment)

AHEM will focus on...

- o Motivation for creation of committees
- o **Objectives and scope**
- o Degree of institutionalisation
- o Regularity of meetings
- o Terms of reference
- o Coordinating agency and permanent secretariat
- o Financing national TF bodies
- o Composition
- o Success factors
- o Main obstacles
- o Main lessons learned

OBJECTIVES

More important
for developing
countries and
LDCs



Coordinate: Ensure coordination between agencies involved in TF and Enhance partnership and confidence between private and public sector
24%

Less mentioned
by WTO TFA
support groups



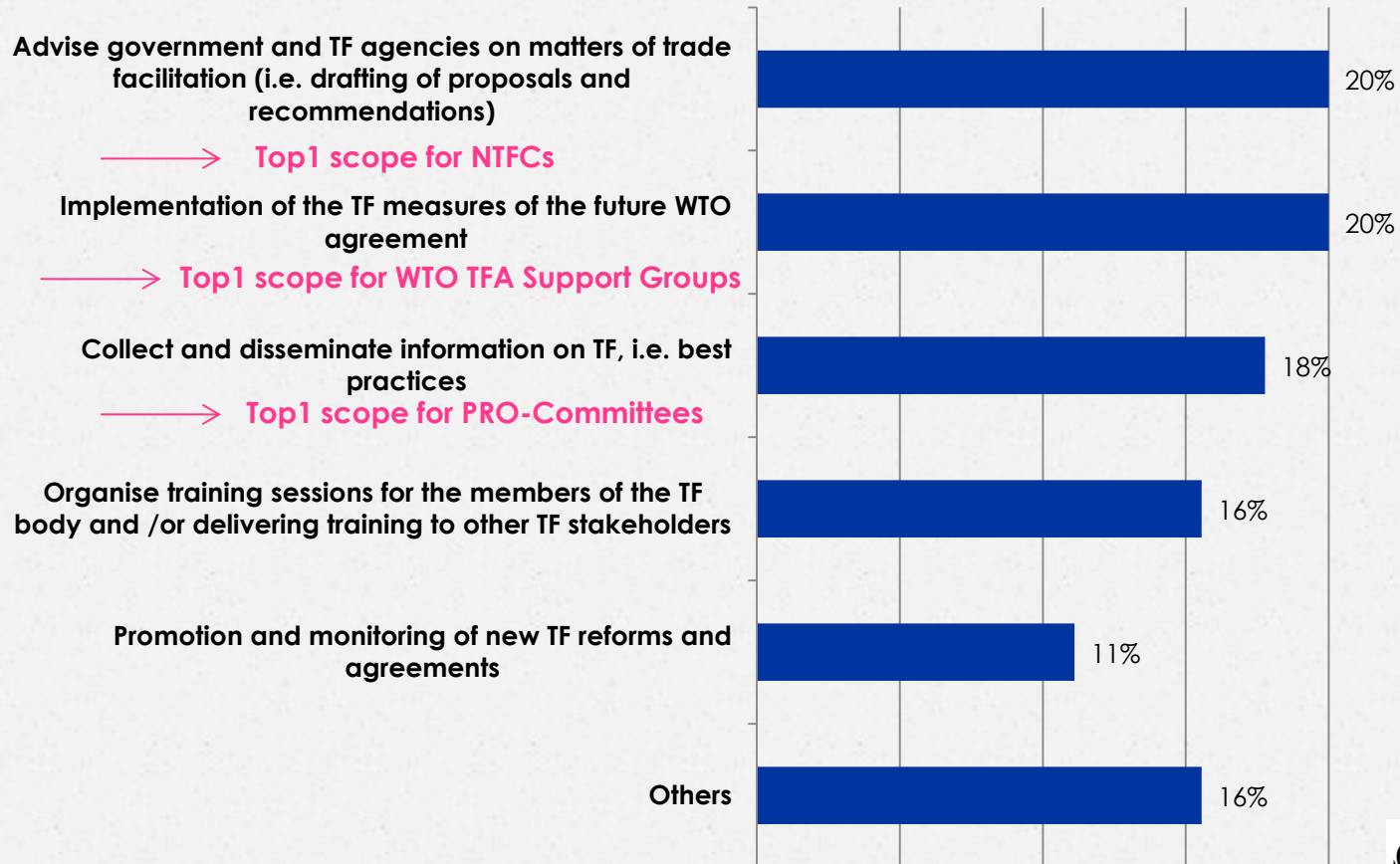
Foster trade facilitation: by simplifying, standardising and harmonising trade procedures
48%

More important
for WTO TFA
support groups



Negotiate: Improve position in trade facilitation negotiations
28%

SCOPE



10 KEY RECOMMENDATIONS

Be SMART when setting up the objectives and scope of the national trade facilitation body.

- The objectives contemplated by the trade facilitation body should be SMART (sustainable, measurable, attainable, realistic and time bound) and not expressed in terms of to-dos or activities, as is currently often the case.
- The ability of a TF body to prioritize and, thereafter, monitor trade facilitation reforms – above and beyond implementing the World Trade Organization trade facilitation Agreement - will be essential to its sustainability and relevance.



Questions for discussion

- Which objectives should be more important? Which scope should always be included in a TF body?
- What can donors do to help countries to come up with relevant objectives and scope of work?



AHEM will focus on...

- o Motivation for creation of committees
- o Objectives and scope
- o **Degree of institutionalisation**
- o Regularity of meetings
- o Terms of reference
- o Coordinating agency and permanent secretariat
- o Financing national TF bodies
- o Composition
- o Success factors
- o Main obstacles
- o Main lessons learned

DEGREE OF INSTITUTIONALISATION

- Previous studies on TF bodies argue that there is a **strong correlation between the degree of institutionalisation and the effectiveness and sustainability** of TF bodies.
- Having an appropriate legal backing can **prevent blockage** of the implementation of reforms
- Strong **political will** manifested by instituting legal basis

DEGREE OF INSTITUTIONALISATION

- o **HOWEVER** - this survey showed that **there is no intrinsic relation between the level of institutionalisation and the effectiveness of a committee**. Working groups without institutionalisation might be effective if motivation is high and the necessary resources are made available.

DEGREE OF INSTITUTIONALISATION

- o 76% of TF bodies are to some extent institutionalised
- o Each country should decide which degree of institutionalisation would be beneficial for its TF body based on its national bureaucratic working culture and political priorities.

DEGREE OF INSTITUTIONALISATION

- o For the purpose of this study, we have regrouped the received answers into **three categories** depending on the level of the authority:
 - o **Governmental** (58%) - decision of the Cabinet of Ministers or by Presidential decree, etc
 - o **Ministry level or** (32%) - WTO TFA support groups mostly with a decision of the Ministry of Trade
 - o **Private initiative** (10%) - PRO-Committee

DEGREE OF INSTITUTIONALISATION



- o The least developed a country is, the higher the level of the authority institutionalising the TF working group.

Degree of institutionalisation	Developed	Developing	LDCs
Government level / Cabinet of Ministers / President	27%	41%	50%
Ministry level	27%	23%	29%
Private initiative	37%	0%	0%
No answer / No institutionalisation	9%	36%	21%

- o This may reflect the lack of knowledge on TF among stakeholders in LDCs, where a bigger political commitment from above is needed to ensure that stakeholders cooperate.

10 KEY RECOMMENDATIONS

Make it official: give the national trade facilitation body a strong legal backup.

As trade facilitation is a policy that includes different public stakeholders, an institutionalisation at governmental level could be beneficial, as to prevent strong conflict of interests, increase participation and ensure high level political commitment. Here, the transposition on national law of the trade facilitation Agreement could be a good starting point.



Questions for discussion

- Can a TF body work without institutionalisation? What are the consequences for a lack of institutionalisation?
- Which should be the ideal degree of institutionalisation of a TF body?



AHEM will focus on...

- o Motivation for creation of committees
- o Objectives and scope
- o Degree of institutionalisation
- o **Regularity of meetings**
- o Terms of reference
- o Coordinating agency and permanent secretariat
- o Financing national TF bodies
- o Composition
- o Success factors
- o Main obstacles
- o Main lessons learned

REGULARITY OF MEETINGS

- o The big majority of committees affirms to meet regularly (78%)
- o The level of development has an impact on the regularity of the meetings:
 - o **LDCs:**
 - Regularly 64%
 - Not regularly 36%
 - o **Developing:**
 - Regularly 86%
 - Not regularly 14%
 - o **Developed:**
 - Regularly 91%
 - Not regularly 9%

10 KEY RECOMMENDATIONS

Meet regularly.

The regularity and frequency of meetings can contribute to the sustainability of the trade facilitation body. For instance, establishing that the trade facilitation body will meet the first Wednesday of each quarter will help members to plan their agendas around this meeting and make sure that there are present for each session of the working group. The regularity of meetings is essential for the monitoring and follow-up of the activities of the trade facilitation group, which was raised as one important success factor.



AHEM will focus on...

- o Motivation for creation of committees
- o Objectives and scope
- o Degree of institutionalisation
- o Regularity of meetings
- o **Terms of reference**
- o Coordinating agency and permanent secretariat
- o Financing national TF bodies
- o Composition
- o Success factors
- o Main obstacles
- o Main lessons learned

TERMS OF REFERENCE

- o ToRs is a document that sets-up the basis for a common understanding among the parties involved in a TF body. In an ideal situation, ToRs will include the objectives of the committee, its scope of action and its working structure, among others.
- o The document will be created in consultation and validated by the members of the group, laying down the basis for building trust and dialogue within the group

TERMS OF REFERENCE

- o At least 64% of the TF bodies have ToRs.
- o The biggest factor influencing the existence or not of ToRs is the **type of body**. ToRs are less frequent in WTO TFA support groups.
- o TF bodies in developed countries and LDCs have in the majority of cases ToRs, while this is not so common in developing countries.
- o When no answer was provided, it was considered that this TF body did not have ToRs.

10 KEY RECOMMENDATIONS

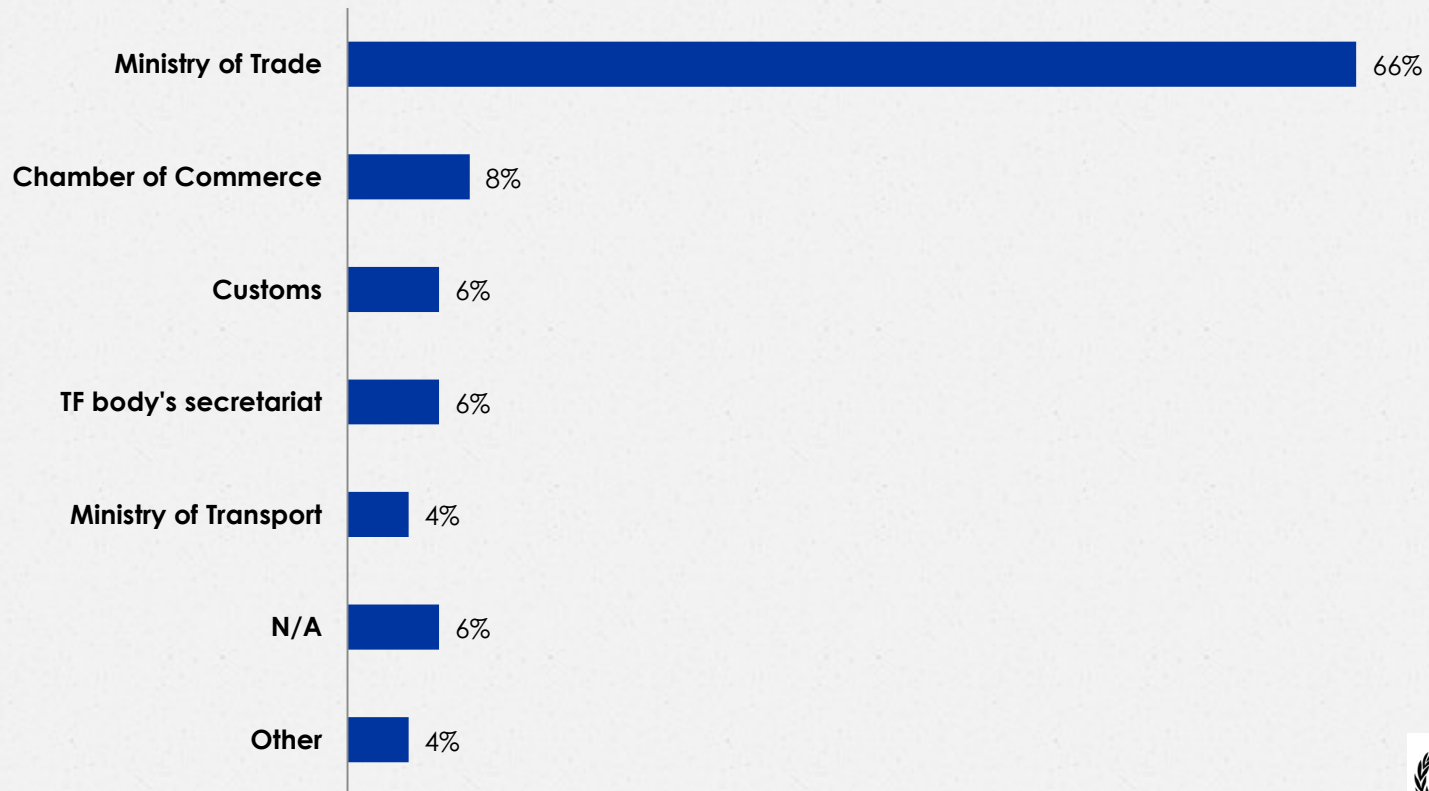
Set clear game rules: define terms of reference in a comprehensive and inclusive way.

Terms of Reference should be defined as a tool to defend the sustainability and efficient work of the trade facilitation body. They should be concrete but flexible and being agreed by all involved stakeholders.

AHEM will focus on...

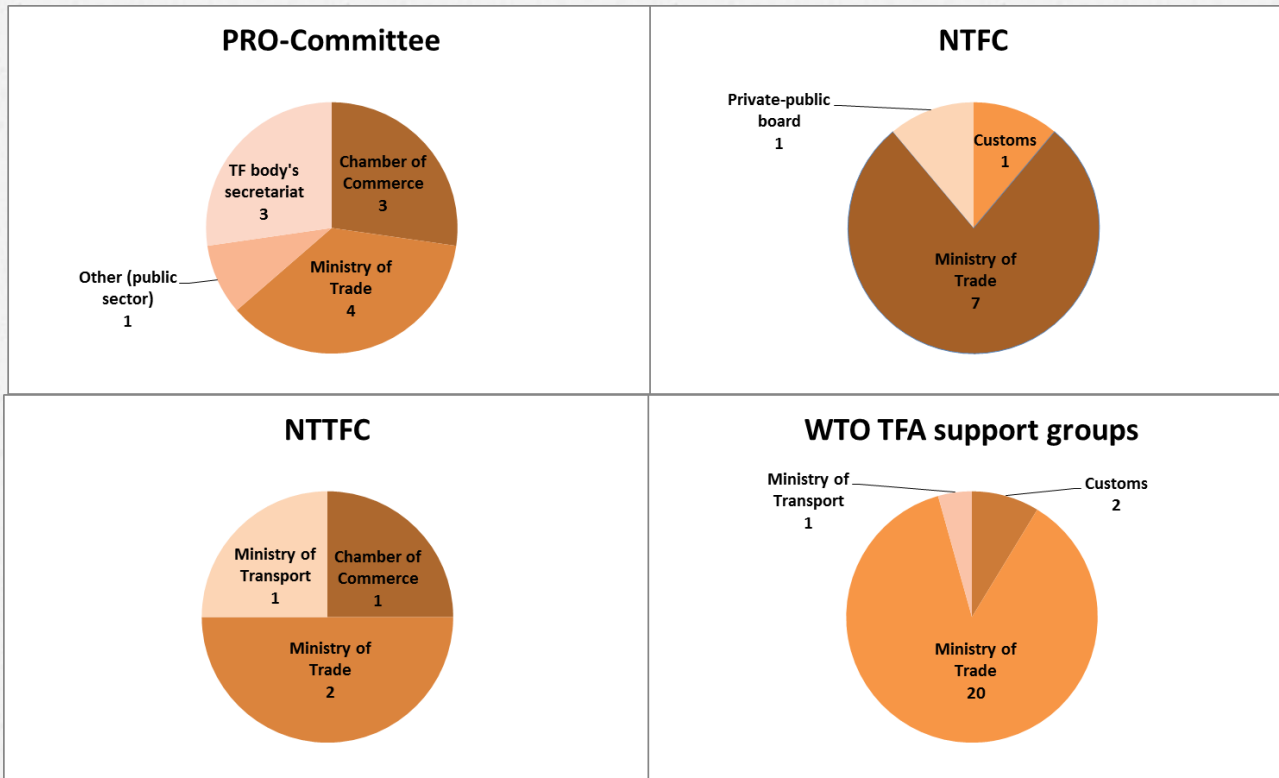
- o Motivation for creation of committees
- o Objectives and scope
- o Degree of institutionalisation
- o Regularity of meetings
- o Terms of reference
- o **Coordinating agency and permanent secretariat**
- o Financing national TF bodies
- o Composition
- o Success factors
- o Main obstacles
- o Main lessons learned

COORDINATION AGENCY



COORDINATION AGENCY

- o The **type of TF body** can also have an influence in which agency will coordinate the activities of the working group.

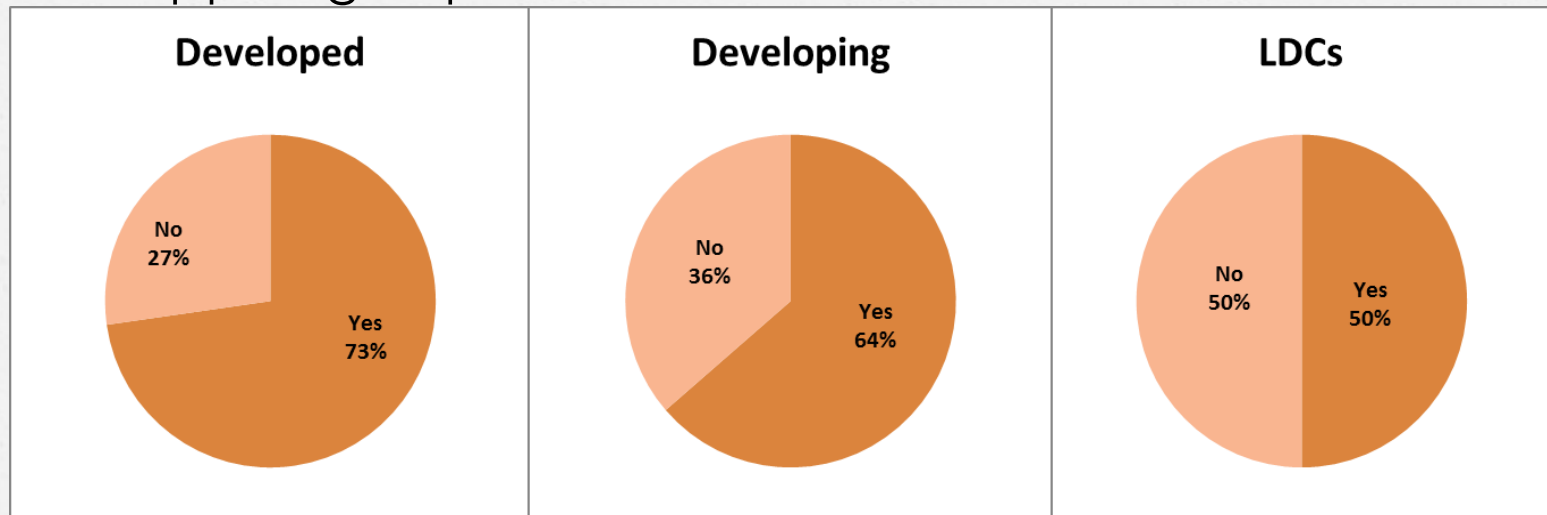


COORDINATION AGENCY

- o The less developed a country is, the higher is the probability that the Ministry of Trade assumes the role of coordinating agency.
- o The Ministry of Trade is the coordinating agency in
 - o 79% of LDCs,
 - o 75% of developing countries
 - o 55% of developed countries.

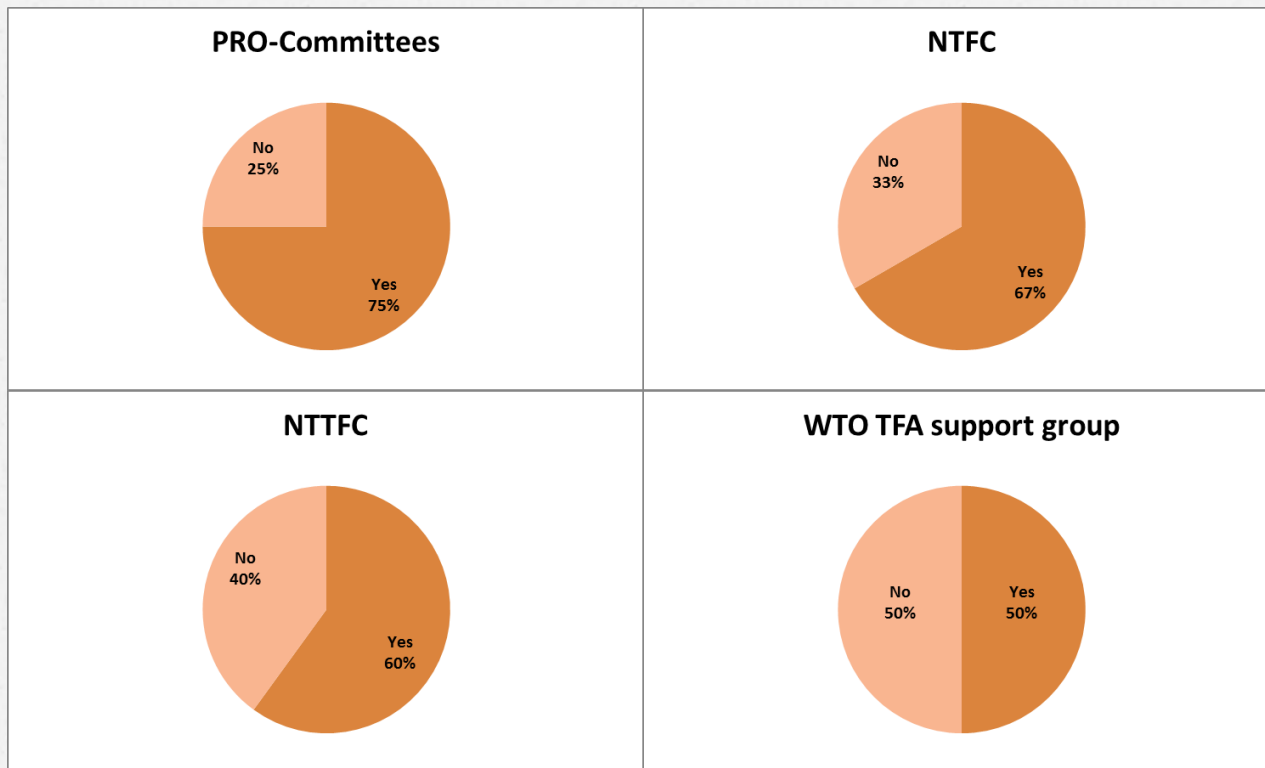
PERMANENT SECRETARIAT

- o 60% have a permanent secretariat
- o The probability of having a permanent secretariat for its TF body increases with the level of development of a country.
- o PRO-committees will normally have a permanent secretariat, this is just the case half of the WTO TFA support groups.



PERMANENT SECRETARIAT

- PRO-committees will normally have a permanent secretariat, this is just the case half of the WTO TFA support groups.



10 KEY RECOMMENDATIONS

Provide the national trade facilitation body with a permanent secretariat.

Countries should consider whether the Ministry of Trade should take over the role of coordinating agency or whether this role could be shared with other public organisations essential for trade facilitation (i.e. Customs) or with the private sector (i.e. Chamber of Commerce). Resources should be allocated to the establishment of a permanent secretariat. Support from donors and international agencies should be provided on the later, especially in the case of Least Developed Countries.



Questions for discussion

- **Group 1: Is the Ministry of Trade the ideal stakeholder to be the coordinating agency? What are the advantages of Ministry of Trade over Customs and viceversa?**
- **Group 2: Is a permanent secretariat necessary? Which should be the functions of the permanent secretariat?**
- **Group 3: How could the private sector be more involved in the coordination and secretariat?**
- **Group 4: Which can donors do to help the coordination agency and the secretariat?**

AHEM will focus on...

- o Motivation for creation of committees
- o Objectives and scope
- o Degree of institutionalisation
- o Regularity of meetings
- o Terms of reference
- o Coordinating agency and permanent secretariat
- o **Financing national TF bodies**
- o Composition
- o Success factors
- o Main obstacles
- o Main lessons learned

FINANCING

- Minimal costs are born by the government of the majority of countries 52% (26/50)
- Private financing almost only in Pro-committees and most of them (4/7) in Europe)
- Private financing normally in developed countries (6/7)

FINANCING

Financing of TF bodies	Developed	Developing	LDCs
Donors	0%	0%	7%
Donors / Government	9%	14%	0%
Private	37%	5%	0%
Government	18%	45%	72%
Private / Government	18%	0%	0%
N/A	18%	36%	21%

10 KEY RECOMMENDATIONS

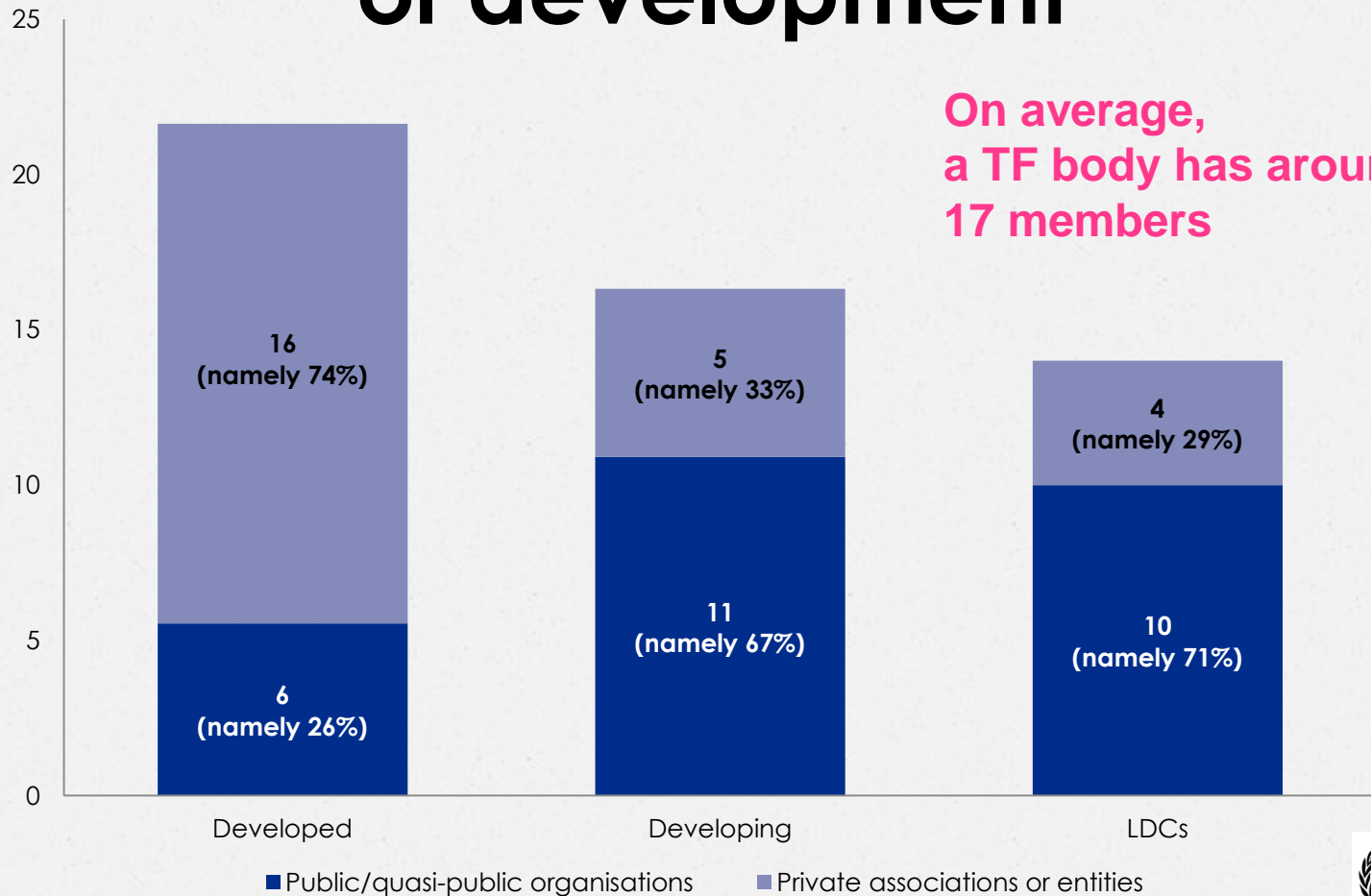
Provide the national trade facilitation body with the necessary resources.

As the lack of financial resources can strongly influence the sustainability of trade facilitation bodies, it is specially recommended for developing and least developed countries to systematically include tasks and budget allocations for the trade facilitation bodies when applying for international funds for concrete projects in trade facilitation. Sharing costs among private and public institutions could also be regarded as a solution.

AHEM will focus on...

- o Motivation for creation of committees
- o Objectives and scope
- o Degree of institutionalisation
- o Regularity of meetings
- o Terms of reference
- o Coordinating agency and permanent secretariat
- o Financing national TF bodies
- o **Composition**
- o Success factors
- o Main obstacles
- o Main lessons learned

Private / Public ratio per level of development



Private / Public ratio per type of body

National Trade and Transport Facilitation Committee

65%

35%

National Trade Facilitation Body

70%

30%

PRO-committee

27%

73%

WTO TFA support group

70%

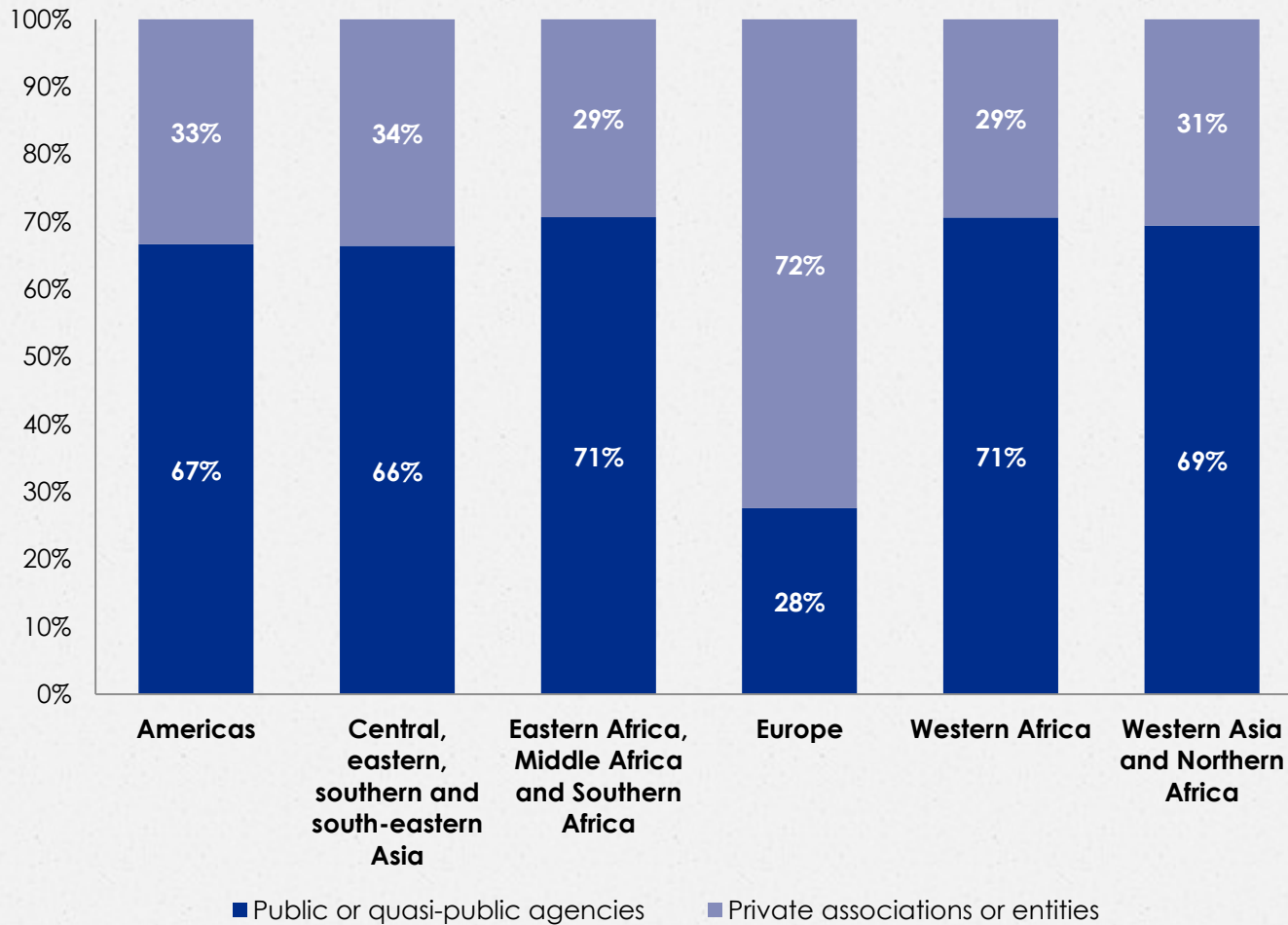
30%

■ Public or quasi-public agencies

■ Private associations or entities



Private / Public ratio per region



10 KEY RECOMMENDATIONS

Be inclusive: trade facilitation is a cross-divisional and cross-sectorial endeavor.

Developing countries and Least Developed Countries should make an effort to increase the number of participants in their trade facilitation bodies, especially from the private sector.



Questions for discussion

- How can the public sector encourage the participation of the private sector?
- How can donors help the private sector to participate in the TF body?



RETHINKING THE WARM UP EXERCISE

What are the most relevant factors for the sustainability of a TF body?

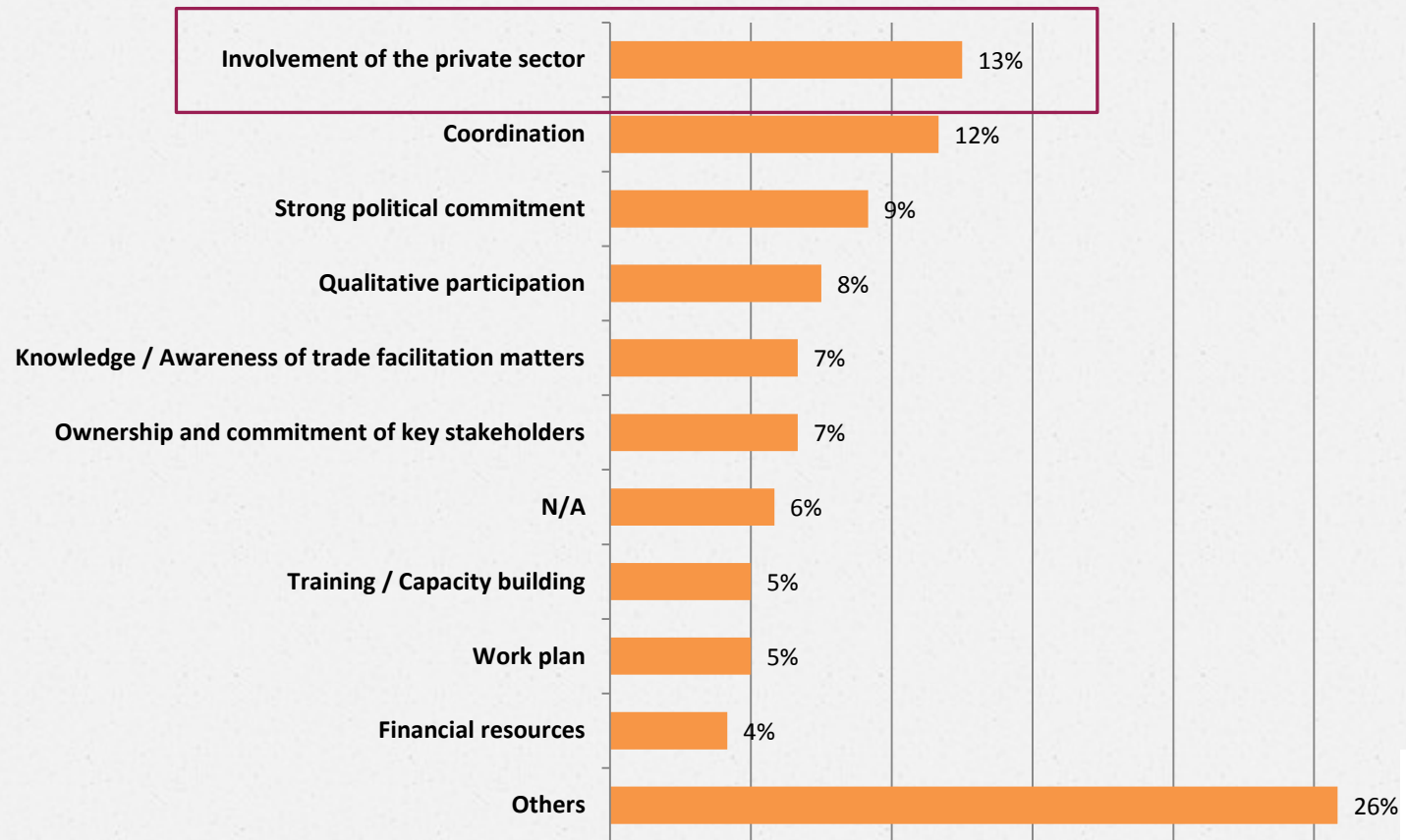


- Well-defined objectives
- A defined scope of work
- A legal framework institutionalising the TF body
- Meeting on a regular basis
- Concrete terms of reference / a work plan
- A permanent secretariat
- Enough financial resources
- Regular participation of the private sector
- Participation of all public agencies involved in TF
- Participants having knowledge on trade facilitation
- Awareness of the importance of trade facilitation among stakeholders
- Strong political commitment
- Strong leadership by the coordinating agency
- Appropriate monitoring and evaluating tools
- Trust and respect among stakeholders
- An efficient work structure and methodology (groups, subgroups, etc)
- Technical assistance and training for the members of the TF bodies

AHEM will focus on...

- o Motivation for creation of committees
- o Objectives and scope
- o Degree of institutionalisation
- o Regularity of meetings
- o Terms of reference
- o Coordinating agency and permanent secretariat
- o Financing national TF bodies
- o Composition
- o **Success factors**
- o Main obstacles
- o Main lessons learned

SUCCESS FACTORS

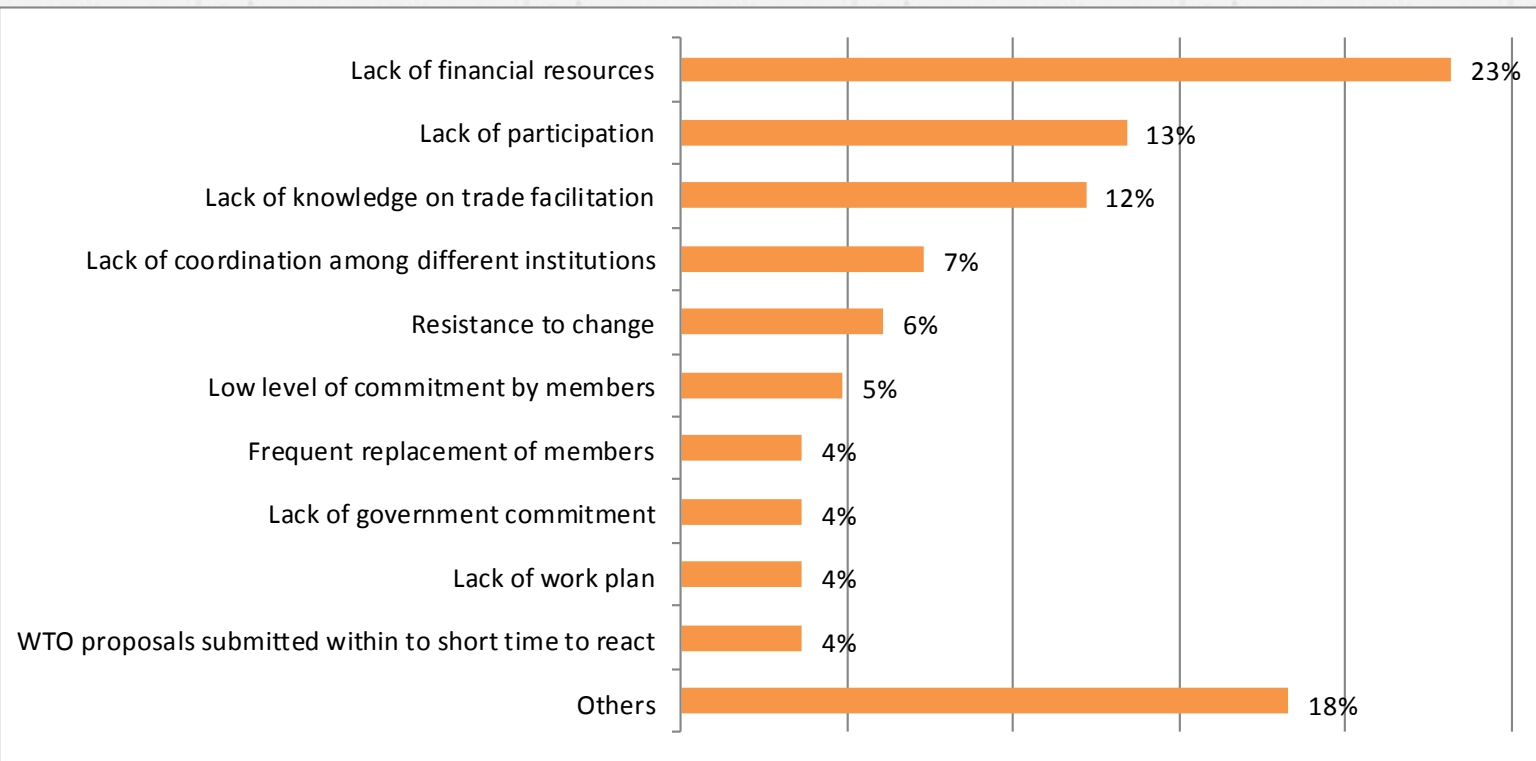


SUCCESS FACTORS

Others success factors listed were:

- o 'leadership',
- o 'strong linkage with international trade facilitation institutions',
- o 'technical assistance',
- o 'regular updates / monitoring of trade facilitation measures',
- o 'secretariat',
- o 'trust and respect',
- o 'communication',
- o 'flexibility in the organisation',
- o 'formal establishment of working group',
- o 'methodology applied to the working structure of the committee',
- o 'putting the committee and the secretariat in one place',
- o 'regularity of meetings',
- o 'stability of participants (having the same officials participating)',
- o 'sustainability',
- o 'synergy' and
- o 'transparency'.

MAIN OBSTACLES

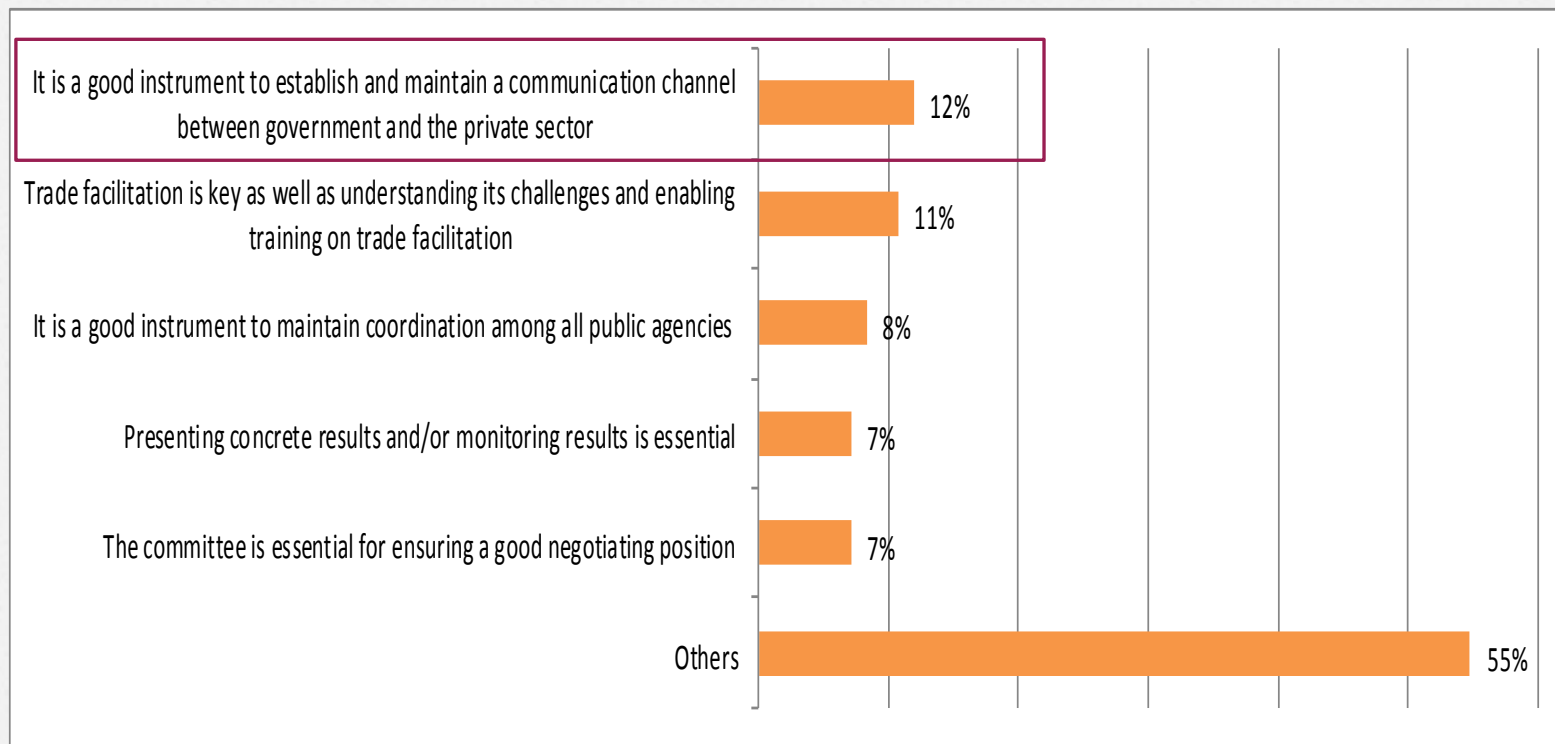


MAIN OBSTACLES

Others obstacles listed were:

- o 'lack of a permanent Secretariat / personnel',
- o 'lack of communication of results',
- o 'conflict of interest among different government agencies',
- o 'content related obstacles',
- o 'economic crisis',
- o 'high level of bureaucracy attached to some public institutions',
- o 'lack of institutionalisation of committee',
- o 'lack of interest of private sector',
- o 'lack of precision on the responsibilities of each member',
- o 'lack of regularity in the meetings',
- o 'lack of transparency',
- o 'political instability
- o 'unrealistic objectives'.

LESSONS LEARNED



LESSONS LEARNED

Others lessons learned listed were:

- Information distribution on national and international activities is essential.
- Financial resources are essential.
- The institutionalisation of the group is key.
- Motivation and availability of group members is essential.
- The self-assessment

exercise is critical and motivating.

LESSONS LEARNED

- Having a Secretariat and enough human resources is essential.
- Team and trust building are essential.
- It is a good preparation for future implementation of agreement.
- Leadership is a crucial element.
- Having meetings with high officials is a useful tool to obtain their commitment to support the work of the group / Political commitment is essential.
- The benefits of standardisation are essential.
- Dialogue helps to resolve tensions.

LESSONS LEARNED

- o Implementing trade facilitation agenda requires persistence and persuasion.
- o Having a defined working plan is essential.
- o Legal changes in trade are essential.
- o Making sub-groups on specific topics is essential.
- o Meeting regularly is crucial.
- o It is important to carry out preliminary studies on the needs of the private sector to include them in the work plan.
- o It is necessary to count with more representatives in the Permanent Mission in Geneva.

LESSONS LEARNED

- Mandate should be flexible to adapt to necessities over time.
- Not to wait to the signature of the WTO agreement to start facilitating trade.
- Practical approach is important to attract the interest of stakeholders especially in business.
- Taking all necessary steps in order to report to the National Committee problems and obstacles in implementation of the decisions together with proposed corrective actions.
- The body can be of great help for the implementation of concrete projects.
- There are no universal simplification rules, but rules tend towards the same vision.
- To keep contact with UN/CEFACT and UNECE is convenient.
- To set up timeframe for the submission of comments or observations.

10 KEY RECOMMENDATIONS

Establish monitoring and evaluating mechanism to measure results.

For a well-functioning trade facilitation body, presenting concrete results and/or monitoring results is considered essential. However, only a few trade facilitation bodies use this kind of tools on a systematic way. Thus, there is a need to develop evaluation and monitoring techniques adapted to the needs of trade facilitation bodies.



10 KEY RECOMMENDATIONS

Always involved the private sector.

The majority of obstacles faced by trade facilitation bodies are in relation with the members of committee and their behaviour towards the group. The chairperson of the group should be wisely selected and, if necessary, undertake specific training, such as negotiation techniques, how to deal with difficult members, among others. This will help the leader of the group to turn possible challenges into opportunities.

The public sector / lead agency of the group should actively and genuinely involve the private sector in the trade facilitation body, as this is the most important success factors for a trade facilitation body. The public sector should make sure that the involvement of the private sector is inclusive and representative. It is not enough to invite the private sector in the meetings of the group. They should also participate in the design of Term of References. The public sector should deploy the necessary techniques to encourage and promote their participation. A possibility could be a shared chairmanship or a leadership by rotation between the public and the private sector.



10 KEY RECOMMENDATIONS

Take every opportunity to raise awareness about trade facilitation.

To strengthen the trade facilitation body as platform for dialogue with the private sector, for coordination and for awareness raising and information sharing, the establishment of a website could be a useful tool. Donors that wish to assist least developed countries in this task should take into consideration potential challenges such a high level of computer illiteracy among trade facilitation members or the lack of internet access in many agencies.

Extra trainings and resources should be allocated to address these possible challenges. Trade facilitation reforms can have profound implications for the general public and certain stakeholders. Therefore, the trade facilitation bodies should contemplate a strategy to communicate to these audiences if deemed necessary. Additional events could for instance be organised to inform other stakeholders that are not necessarily members of the trade facilitation body but might be somehow concerned by upcoming trade facilitation reforms.



OPEN DISCUSSIONS, COMMENTS



CONCLUSIONS AND WAY FORWARD



THANK YOU FOR YOUR VALUABLE CONTRIBUTION

Further comments can be sent to

TFbodies@unctad.org

