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

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Economic Commission for Europe**

**Monday, 22 September 2014**

*Not checked against delivery \**

\* This statement is made available in the language and form in which it was received. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

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

*Geneva, Switzerland, 22 September 2014*



## Removing Regulatory and Procedural Barriers to Trade in Agricultural products



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Economic Cooperation, Trade, and Land Management Division  
UN Economic Commission for Europe (UNECE)**



# UNECE Trade

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

**UNECE in partnership  
with other  
organizations**

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

## **Recommendations/ Standards**

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

## **Capacity Building and Coordination**

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

## **Technical Assistance**

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

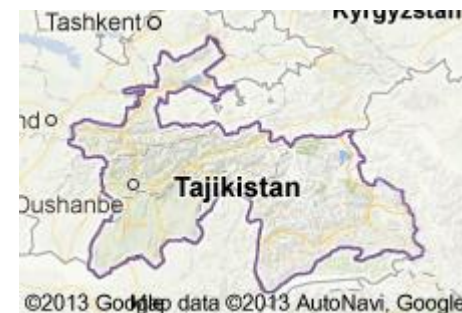
## **WTO**

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

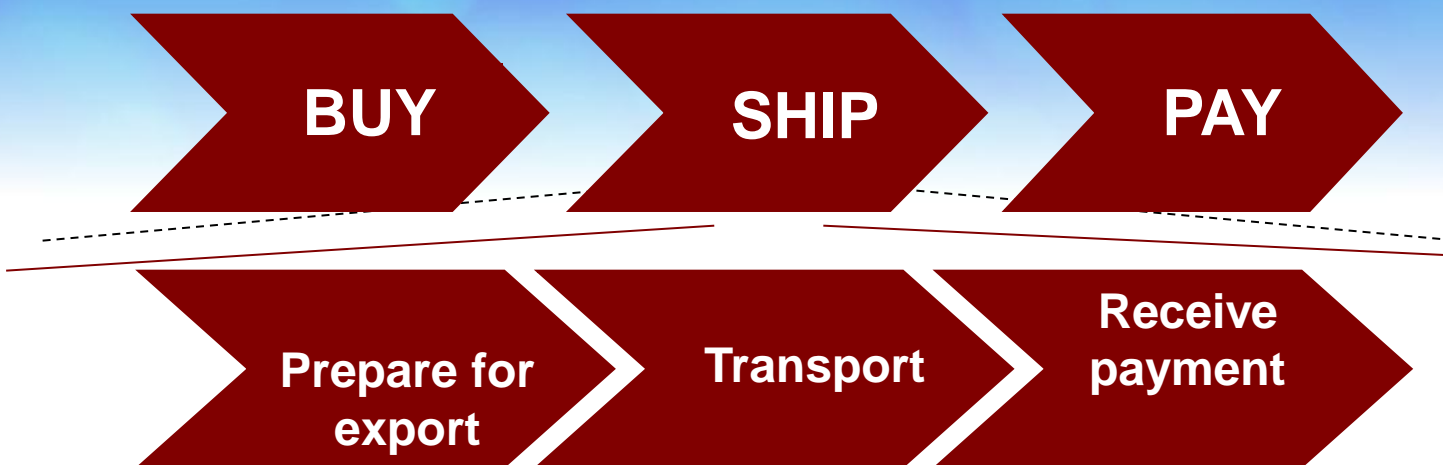


# UNECE approach to supporting trade in agriculture

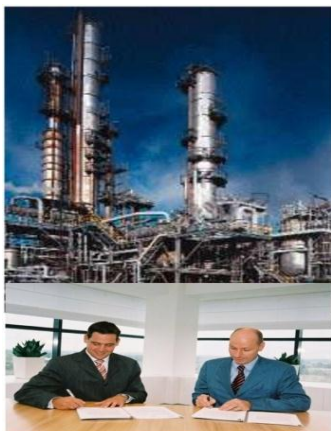
- Identifies system-wide and sector-related regulatory and procedural barriers to agricultural **export competitiveness**. Kazakhstan (2012), Tajikistan (2013), Kyrgyzstan (underway), Albania (starts end 2014).
- **Survey-based (ECE Evaluation Methodology):** Evaluates business processes and regulatory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



# System-wide analysis



Commercial  
Procedures



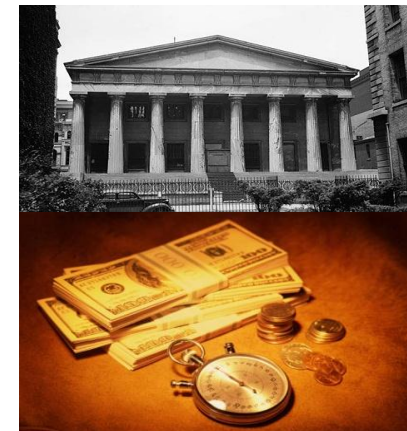
Transport  
Procedures



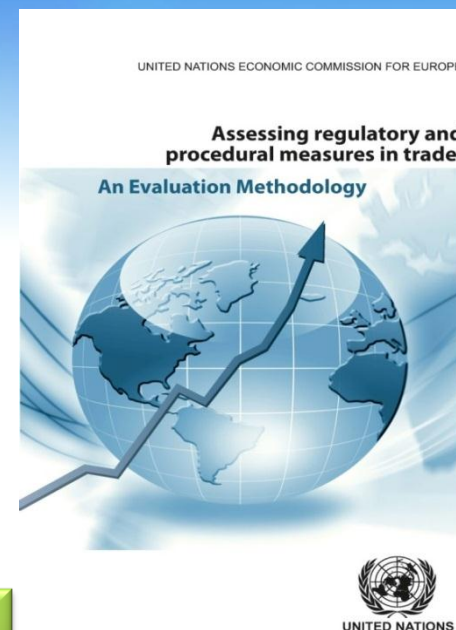
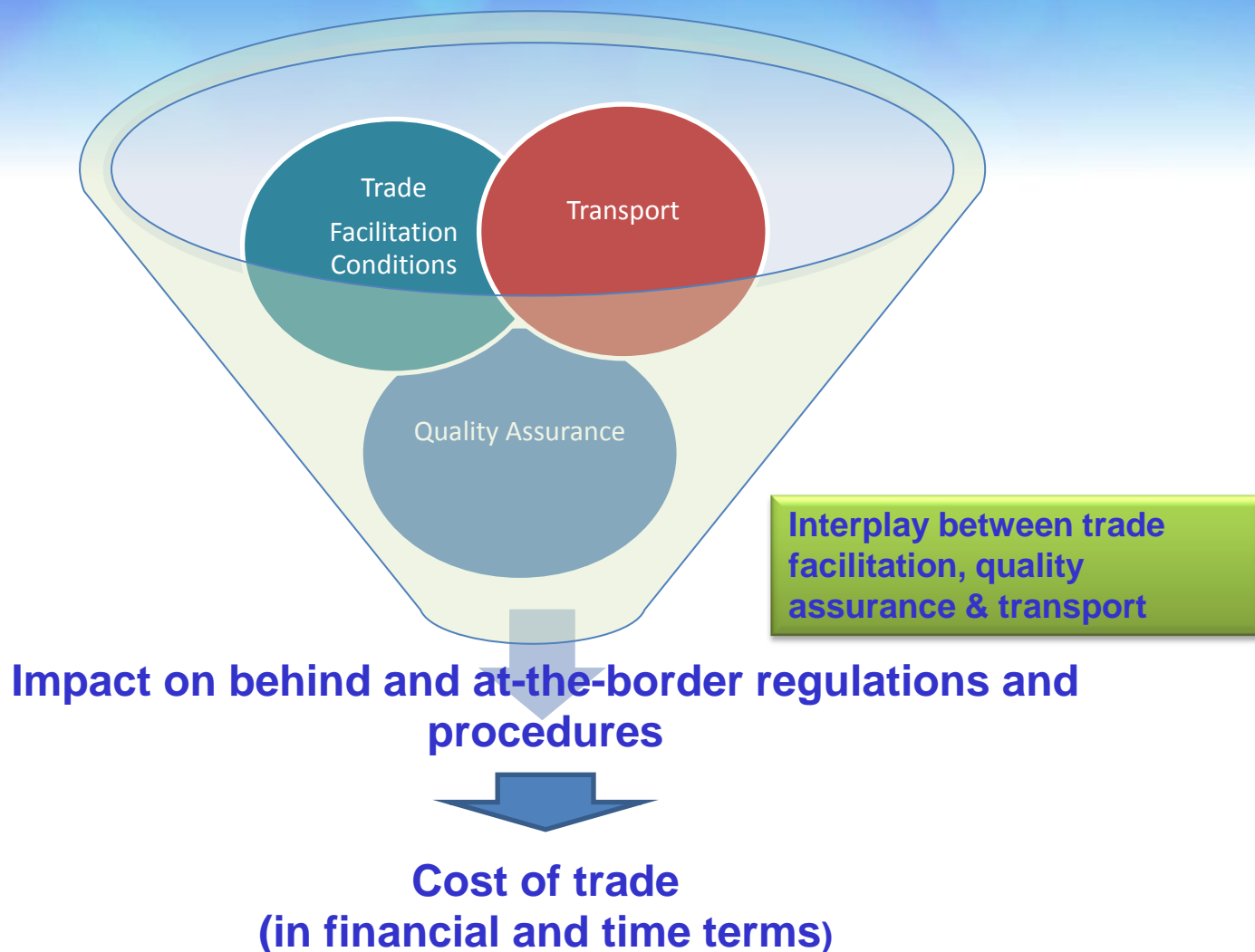
Regulatory  
Procedures



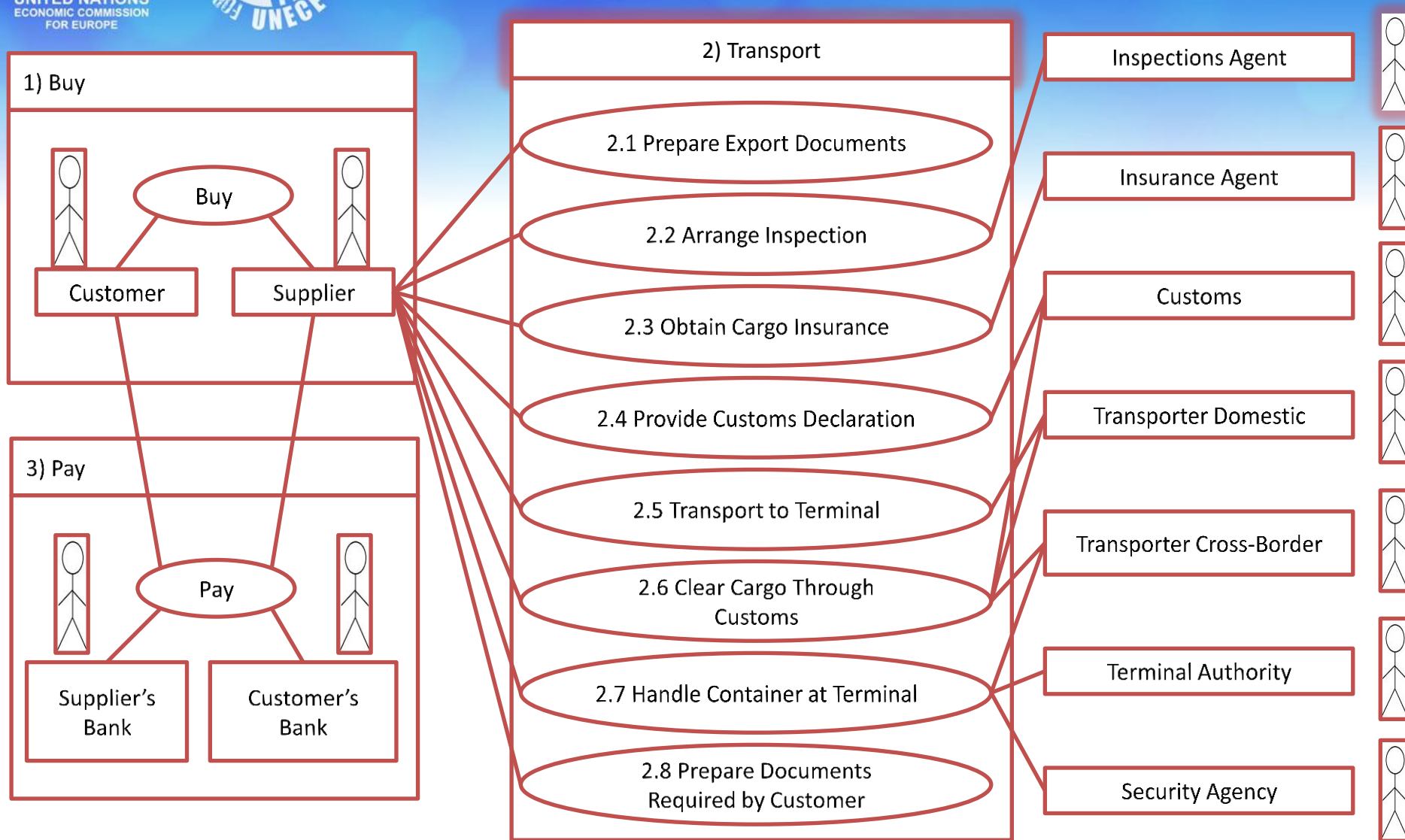
Financial  
Procedures



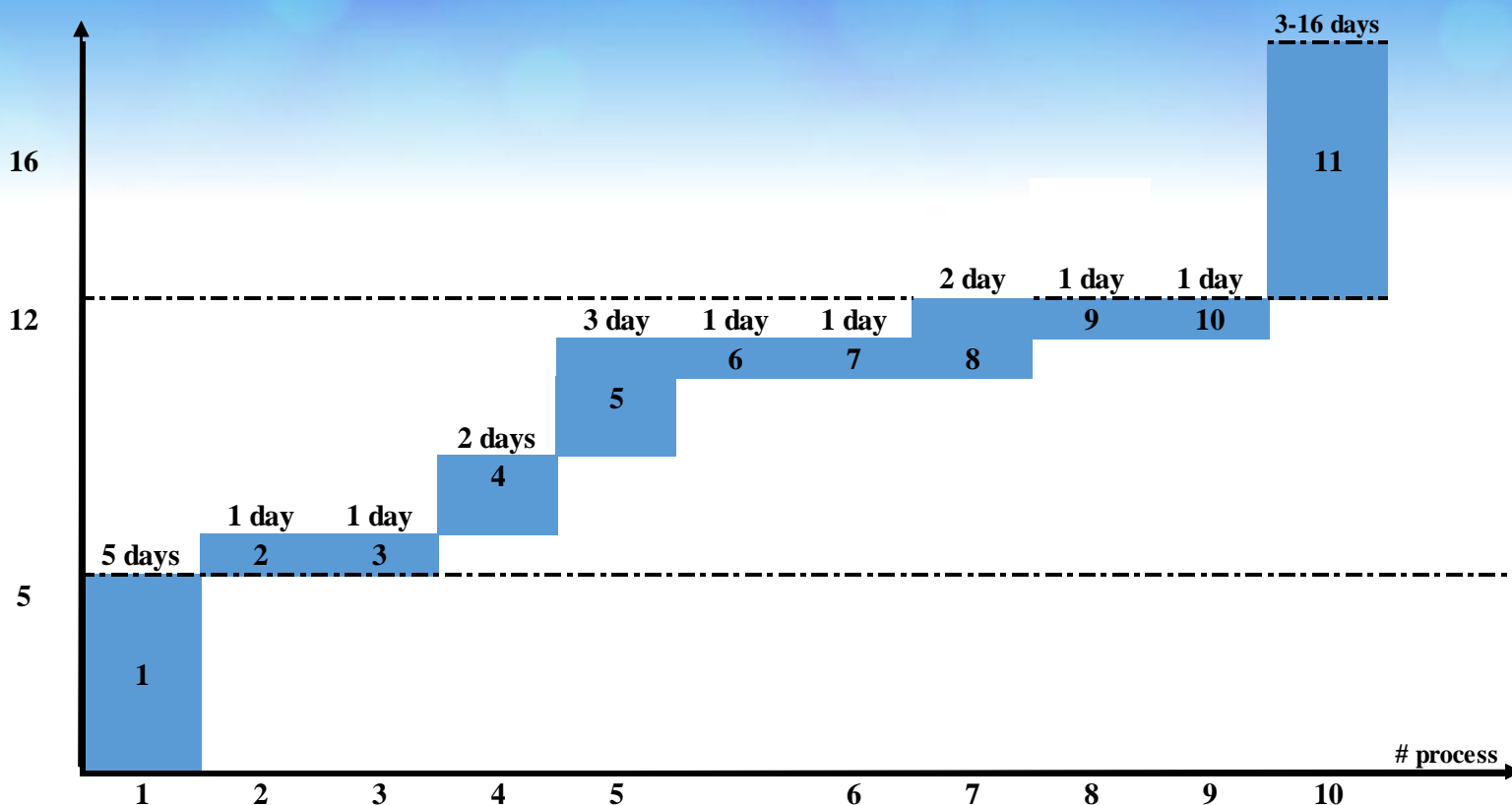
# Capturing trade barriers across supply chains



# Business Process Analysis for sectoral assessment



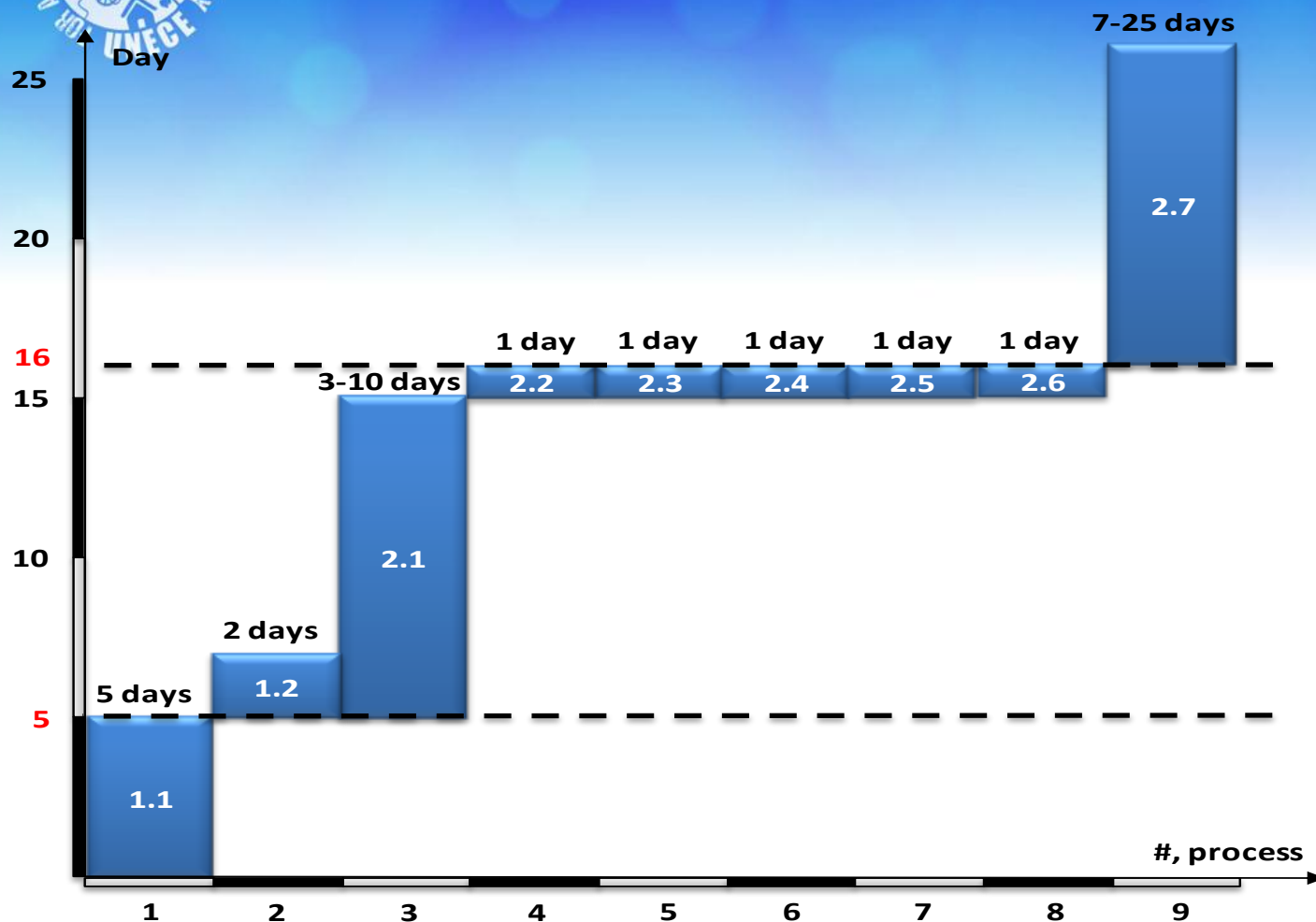
# Exporting cotton fibre from Tajikistan



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

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

# Exporting flour from Kazakhstan



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

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

# Kazakhstan

## Negotiating and concluding the sales contract



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



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

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



# UK Hermes Study Perishable Food Supply Chains§>



**Per annum:**

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



# More Efficient, Faster Border Clearance



Need	Recommendations
<p>Establish a comprehensive cross-agency cross-border risk management system</p>	<ul style="list-style-type: none"><li>• Establish a <u>common risk management policy</u>, with clear administrative structures and resource allocations, to guide the implementation of integrated border management.</li><li>• <u>Enshrine integrated border management and a common risk management policy into existing legislation</u>, based on the WCO's Standards to Secure and Facilitate Global Trade (SAFE Framework)</li><li>• Establish an <u>inter-agency risk management committee</u></li><li>• Undertake <u>in-depth studies of all agencies' border controls</u> in order to identify areas that could benefit from improved coordination and/or integration. For example, using the UNECE's Business Process Analysis (BPA) guidelines</li></ul>

# More Efficient, Faster Border Clearance



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



# More Efficient, Faster Border Clearance



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



# Inter-regional cooperation



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



# Improved Transport Infrastructure



Needs	Recommendations
<b>Railways</b>	
Improve the quality and supply of rolling stock	<ul style="list-style-type: none"> <li>• Promote investments in modern rolling stock by attracting local and foreign investment</li> <li>• Promote the establishment of credit schemes for local rolling stock owners, so as to enable them to undertake required investments.</li> </ul>
Reconsider relationship between Government & railway management	<ul style="list-style-type: none"> <li>• Consider relegating railway management to an independent entity (e.g., para-state agency), in order to bring the sector in line with international best practices.</li> </ul>
<b>Roads</b>	
Improve the capacity of road networks	<ul style="list-style-type: none"> <li>• Invest in bringing existing networks up to Class I and Class II road quality standards</li> <li>• Build new roads, where needed, to improve in-country and border connectivity</li> </ul>
Improve the quality and supply of truck fleets	<ul style="list-style-type: none"> <li>• Promote investments in modern truck fleets, including foreign investments.</li> <li>• Promote the establishment of <u>credit schemes for local truck/trailer fleet owners, so as to enable them to undertake the required investments.</u></li> <li>• Consider increasing gross vehicle mass limits, to lower unit costs &amp; provide an incentive for truck/trailer owners to invest in modernizing their fleets.</li> </ul>



# Improved Logistical Services

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

# Recognized Metrology/Certification



## Needs

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

## Recommendations

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



# **The WTO Trade Facilitation Agreement The Key to Better Agricultural Trade**



# Targeted AfT Project Tajikistan

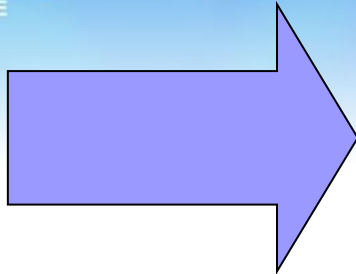
## Supporting post- WTO accession Trade Facilitation Efforts

### Main Deliverables

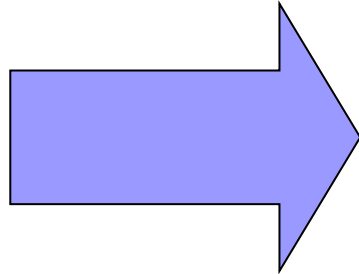
1. Institutional consultation mechanisms (Trade Facilitation Committee) for facilitating national consensus over policies and initiatives for reducing regulatory and procedural barriers to trade in a manner that enables successful fulfillment of Tajikistan's WTO obligations and the realization of potential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



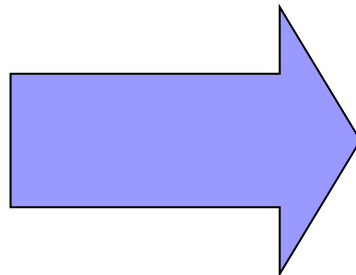
# In Summary ECE has 3 Priorities



**Facilitating trade flows**



**Simplifying and harmonizing  
regulations**



**Ensuring compliance with  
agricultural quality standards**

# UNECE/ESCAP Guide for smarter food trade

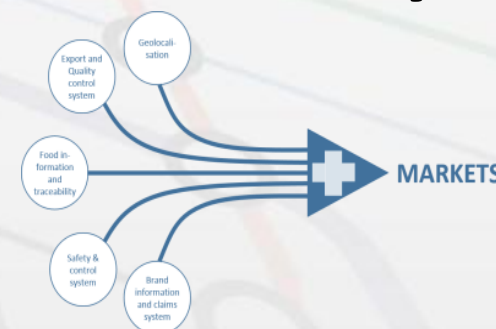


Support to the  
Greek Trade  
Facilitation  
Reform

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

### Recommendations to policy makers:

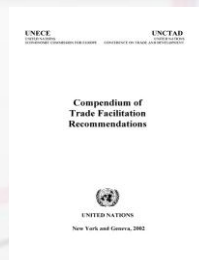
- ❑ Stakeholder collaboration
- ❑ Implement authorized exporter scheme
- ❑ Dematerialize licenses and certificates
- ❑ Develop electronic, integrated Risk Management
- ❑ Tracking and Tracing for security and trust



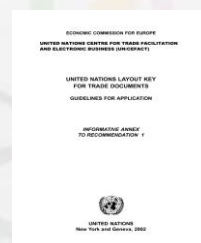
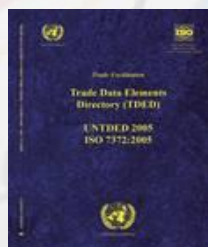
*Smarter Food Single Window*

# Trade Facilitation: UN/CEFACT

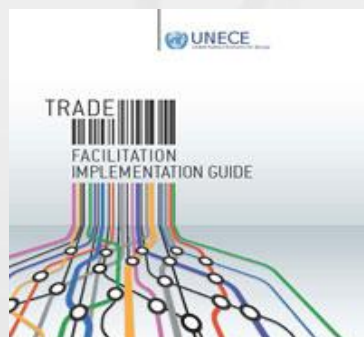
## Policy Rec.s



## Standards



## Guidelines, Briefs, Studies



Capacity Building and Technical Assistance



# Regulatory Cooperation and Standardization Policies (WP.6)

## A Forum for DIALOGUE and WORK on:



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



# UNECE Working Party on Agricultural Quality Standards

## Mission

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



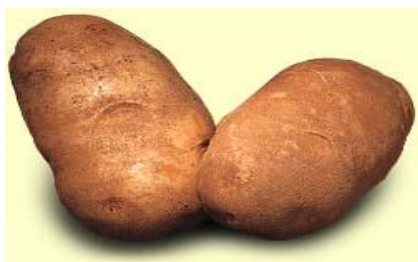
# Agricultural Quality Standards



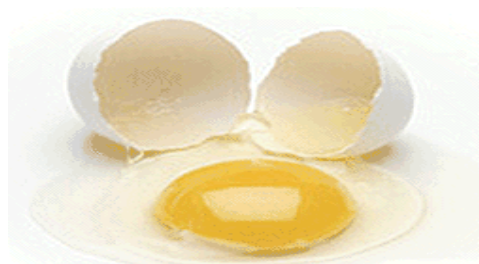
**Fresh fruit  
and  
vegetables  
(50)**



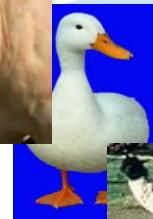
**Dry and dried produce (27)**



**Seed potatoes (1)**



**Eggs and egg  
products (2)**



**Meat (15)**



**Cut flowers (8)**



# Thank You!

## For More Information

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