Trade and Development Board  
Sixty-first session  

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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  

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* 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.
Removing Regulatory and Procedural Barriers to Trade in Agricultural products

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UN Economic Commission for Europe (UNECE)
UNECE Trade

**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 - UN/CEFACT WP.6, WP.7
UNECE in partnership with other organizations
UNCTAD, WB, UNIDO, UNDP, others
• 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

BUY
Prepare for export
Commercial Procedures

SHIP
Transport
Transport Procedures

PAY
Receive payment
Regulatory Procedures

Financial Procedures
Capturing trade barriers across supply chains

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

Cost of trade (in financial and time terms)

Interplay between trade facilitation, quality assurance & transport
Business Process Analysis for sectoral assessment

1) Buy
   - Customer
   - Supplier

2) Transport
   - 2.1 Prepare Export Documents
   - 2.2 Arrange Inspection
   - 2.3 Obtain Cargo Insurance
   - 2.4 Provide Customs Declaration
   - 2.5 Transport to Terminal
   - 2.6 Clear Cargo Through Customs
   - 2.7 Handle Container at Terminal
   - 2.8 Prepare Documents Required by Customer

3) Pay
   - Supplier’s Bank
   - Customer’s Bank

Roles:
- Inspections Agent
- Insurance Agent
- Customs
- Transporter Domestic
- Transporter Cross-Border
- Terminal Authority
- Security Agency
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**

<table>
<thead>
<tr>
<th>Need</th>
<th>Recommendation</th>
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<tbody>
<tr>
<td>Encourage traders to use modern payment methods. The payment methods used by the traders are costly and risky.</td>
<td>• 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.</td>
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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
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
### Need

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

### Recommendations

- Establish a common risk management policy, with clear administrative structures and resource allocations, to guide the implementation of integrated border management.

- Enshrine integrated border management and a common risk management policy into existing legislation, based on the WCO’s Standards to Secure and Facilitate Global Trade (SAFE Framework)

- Establish an inter-agency risk management committee

- Undertake in-depth studies of all agencies’ border controls in order to identify areas that could benefit from improved coordination and/or integration. For example, using the UNECE’s Business Process Analysis (BPA) guidelines
### More Efficient, Faster Border Clearance

**Need**
- Promote mutual trust and partnership between customs and the trading community

**Recommendations**
- Encourage traders to carry out regular self-assessments using a checklist provided by Customs
- Establish a customs to business partnership programme, whereby traders who pass the Customs audit are accorded significant benefits similar to those provided to Authorized Economic Operators.
<table>
<thead>
<tr>
<th>Needs</th>
<th>Recommendations</th>
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<tbody>
<tr>
<td>Measures to expedite customs clearance</td>
<td>Introduce pre-arrival documentary examination procedure, (implemented in several countries, e.g., Belarus, with success)</td>
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<td>Develop payment schemes to facilitate</td>
<td>For example: a deferred payment system (or a bank direct debit scheme), recognized as a valid payment option under the Customs Code</td>
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<tr>
<td>payment of customs duty and taxes</td>
<td></td>
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</tbody>
</table>
| Reconsider the pace of Single Window (SW)  | • Undertake the necessary analysis to detect procedures and documents that need to be streamlined, standardized and/or reduced. BPA could be a useful tool.  
• Sequence implementation: Focus first on one type of document, and expand gradually  
• Coordinate SW implementation with other countries in the region. This is critical for data exchange for regional trade/transit. |
| implementation                             |                                                                                  |
## Inter-regional cooperation

<table>
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<tr>
<th>Needs</th>
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<tbody>
<tr>
<td>Ensure the implementation of the TIR Convention</td>
<td>Use all measures available to all contracting parties in order to address transit issues with neighbouring countries.</td>
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</tbody>
</table>
| Ensure that trade agreements with regional partners are in line with internationally recognized rules and regulations | In particular conduct an assessment to detect inconsistency with:  
(i) the WCO Revised Kyoto Convention (RKC), which provides a framework for Border Agency Cooperation in quality control and urge Customs administrations to correlate business hours, operate joint controls, and use or establish juxtaposed Customs offices;  
(ii) the SAFE Framework, for integrated border management through cooperative arrangements across borders with agencies of neighbouring countries;  
(iii) WTO Agreement on Trade Facilitation.                                                                                   |
| Increase awareness among the logistics service providers and transport operators and traders about these conventions and their benefits | • Organize information mobilization seminars to raise the awareness of traders on the benefits of these conventions.  
• Organize advanced training to logistics service providers on the implications of these conventions for their services. |
### Improved Transport Infrastructure

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<tr>
<td><strong>Railways</strong></td>
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| Improve the quality and supply of rolling stock                     | • Promote investments in modern rolling stock by attracting local and foreign investment  
|                                                                     | • Promote the establishment of credit schemes for local rolling stock owners, so as to enable them to undertake required investments. |
| Reconsider relationship between Government & railway management     | • Consider relegating railway management to an independent entity (e.g., para-state agency), in order to bring the sector in line with international best practices. |

| **Roads**                                                           |                                                                                |
| Improve the capacity of road networks                              | • Invest in bringing existing networks up to Class I and Class II road quality standards  
|                                                                     | • Build new roads, where needed, to improve in-country and border connectivity |
| Improve the quality and supply of truck fleets                     | • Promote investments in modern truck fleets, including foreign investments.  
|                                                                     | • Promote the establishment of credit schemes for local truck/trailer fleet owners, so as to enable them to undertake the required investments.  
|                                                                     | • Consider increasing gross vehicle mass limits, to lower unit costs & provide an incentive for truck/trailer owners to invest in modernizing their fleets. |
## Improved Logistical Services

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<td>The limited capacity of logistics service providers</td>
<td>• Establish advanced training programmes in logistics, especially in integrated logistics and multi-modal transport, supply chain management, innovative technological applications</td>
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<tr>
<td>The traders’ limited experience in logistics management.</td>
<td>• Establish advanced training programmes for traders in logistics management, with a special emphasis on developing logistics strategies.</td>
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| The lack of integrated multi-modal transport services                | • Develop the legal framework for allowing multi-modal transport to be carried out under one contract  
• Establish the insurance and credit schemes needed for multi-modal transport  
• Develop the capacity of local freight forwarders  
  - Further develop Freight Forwarders Association with targeted training  
  - Establish advanced training programmes for local freight forwarders, with a special focus on multi-modal transport |
| The limited use of containers                                        | While developing the multi-modal transport industry will help, the government should also:  
• Consider developing container terminals  
• Investigate options for lowering the cost of container shipping, such as incentives for the return of outgoing containers |
### 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

1. Facilitating trade flows
2. Simplifying and harmonizing regulations
3. Ensuring compliance with agricultural quality standards
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
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
Fresh fruit and vegetables (50)

Eggs and egg products (2)

Dry and dried produce (27)

Seed potatoes (1)

Meat (15)

Cut flowers (8)

unece.org/trade/agr/welcome.htm
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
- Regulatory Cooperation and Standardization
- 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