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**Multi-year Expert Meeting on Transport,
Trade Logistics and Trade Facilitation**
Second session
Geneva, 1–3 July 2014

**Report of the Multi-year Expert Meeting on Transport,
Trade Logistics and Trade Facilitation on its second session**

Held at the Palais des Nations, Geneva, from 1 to 3 July 2014

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Introduction

1. The second session of the Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation was held at the Palais des Nations in Geneva from 1 to 3 July 2014 as per the terms agreed by the Trade and Development Board at its fifty-sixth executive session on 3–4 December 2012.

I. Chair's summary

A. Opening statements

2. The Deputy Secretary-General of UNCTAD, in his welcoming remarks, highlighted that since its establishment in 1964, UNCTAD had been a staunch supporter of trade facilitation and had been working on issues of trade facilitation and trade efficiency for many years. He emphasized that UNCTAD considered the inclusion of trade facilitation in the World Trade Organization (WTO) agenda as an opportunity for developing countries to invest in trade facilitation reforms, while benefiting from international commitments to provide additional financial and technical assistance for such reforms.

3. The Deputy Secretary-General observed that most trade facilitation reforms required initial investment in human resources and information and communications technology, but stressed that empirical evidence suggested that such reforms had the potential to bring economic gains in terms of increased trade and real incomes. He noted that while low trade volumes and cumbersome procedures made it more costly to trade, and high trade costs made it difficult to generate more trade, policies of trade facilitation were an important set of tools for breaking out of this potential vicious cycle. The Deputy Secretary-General concluded by noting that UNCTAD was ready to support States in the required trade facilitation reforms and that the deliberations of the expert meeting would help strengthen understanding of the options and requirements for such reforms.

4. The Director of the Division on Technology and Logistics of UNCTAD, in her opening remarks, recalled that the UNCTAD Special Programme on Trade Facilitation and the Expert Working Group on Trade Efficiency had led to the adoption in 1994 – exactly 20 years previously – of the Columbus Ministerial Declaration on Trade Efficiency. This had been instrumental for the subsequent inclusion of trade facilitation in the WTO agenda at the first WTO Ministerial Conference, held in Singapore in 1996. The Director highlighted UNCTAD's largest technical assistance programme, the Automated System for Customs Data, and its wide range of practical trade facilitation measures. Implemented in almost 100 countries, the System helped customs administrations to comply with all relevant international standards and many multilateral and regional trade facilitation obligations.

5. Drawing attention to the importance of trade facilitation for trade and customs, the Director detailed the following direct positive bearings of trade facilitation reforms on development: helping to move the informal sector into the formal economy; strengthening institutions and inter-institutional cooperation; benefiting good governance and transparency; encouraging private sector investments in information and communications technology; supporting regional integration and improved access to seaports for landlocked countries; encouraging better quality employment and professionalism; and helping public entities to reduce waste and, at the same time, enhance revenue collection.

6. The Director concluded her remarks by noting the three main areas of focus for current trade facilitation support by UNCTAD, in response to requests received from developing countries and least developed countries. The first area was the creation and

sustainable operation of national trade facilitation committees, in line with section III of the WTO Agreement on Trade Facilitation. Second, UNCTAD provided training and capacity-building for specific technical issues related to trade facilitation. Third, UNCTAD provided support towards gap analyses concerning the Agreement and the development of project proposals for measures with which developing countries and least developed countries required technical assistance. The Director emphasized that UNCTAD depended on collaborations with trade facilitation experts for its technical assistance and research, and that the organization's future work would certainly benefit from the expert meeting's discussions and shared experiences.

B. Trade facilitation rules as a trade enabler: Options and requirements (Agenda item 3)

1. Setting the scene: World Trade Organization rules and field realities

7. The panellists for the first informal meeting included the Chair of the WTO Preparatory Committee on Trade Facilitation and a representative of the Commonwealth Secretariat.

8. One panellist provided an update on the latest developments concerning the Agreement on Trade Facilitation. WTO member countries were presently conducting the legal review of the Agreement, drawing up a protocol of amendment to insert the Agreement into annex 1A of the Agreement Establishing the WTO and receiving notifications of category A commitments from members, i.e. provisions that developing countries or least developed countries had designated for implementation upon entry into force of the Agreement on Trade Facilitation. The Chair of the Multi-year Expert Meeting and the panellists highlighted the novelty of section II of the Agreement on Trade Facilitation, whereby WTO member countries would self-designate the provisions of the Agreement according to categories that would determine the eventual implementation time frames.

9. Another panellist outlined the role of trade facilitation for economic transformation and the importance of the Agreement on Trade Facilitation in supporting trade facilitation in general. He stressed in this respect the importance of regional cooperation and collaboration, and cited specific examples of large infrastructure projects within the Caribbean Community region that would foster the development of the entire region.

10. Several delegates shared their national experiences. Topics covered included the importance and challenges of establishing a national trade facilitation committee, preparation and updating of gap analyses, implementation of specific customs reforms and trade facilitation experiences in cooperation with multilateral and bilateral development partners. Some delegates and a representative of an intergovernmental organization acknowledged the positive experiences for traders, the public sector and providers of trade-supporting services, with support from UNCTAD and other Annex D partners,¹ while the need for further assistance was highlighted. In this context, one panellist discussed the possible future role of the WTO in coordinating such assistance and the possibility of

¹ Annex D of the decision adopted by the WTO General Council on the Doha Work Programme, 1 August 2004, defining relevant international organizations to be invited to provide technical assistance and capacity-building, including the International Monetary Fund, the Organization for Economic Cooperation and Development, UNCTAD, the World Customs Organization and the World Bank.

funding of last resort being channelled through the WTO. He advised that further clarification in this regard would be made at upcoming WTO meetings.

11. Further discussion concerned the responsibility for verifying whether a developing country had effectively reached implementation capacity after having received technical and financial assistance. The delegates noted that self-declaration by developing countries, an expert group to be established at the WTO and the dispute settlement mechanism would have different but equally important roles in this process.

12. Some delegates expressed the view that developing countries and least developed countries needed reassurance regarding forthcoming technical and financial assistance for the implementation of trade facilitation measures. Without such commitments, there might be a risk of low levels of ratification and notification to the WTO by developing countries and least developed countries. In response, the panellists detailed the level of support planned by various donors and international organizations.

13. Several delegates expressed their appreciation for the support they had received from UNCTAD and their wish to continue receiving such support. Delegates from countries where the Automated System for Customs Data was implemented expressed appreciation for the System.

2. Costs and benefits of trade facilitation reforms and their impact on development

14. The introduction to the second informal meeting by a representative of the UNCTAD secretariat highlighted the positive impact of trade facilitation in the following three main areas: trade in goods, especially manufactured goods and globalized production processes; customs revenue collection and effective controls; and human and institutional development through the implementation of a wide range of specific trade facilitation reforms. While the costs of implementing trade facilitation measures included initial investment, maintenance and structural adjustment costs, the long-term benefits of trade facilitation investment outweighed these costs. Panellists included the representative of Instituto Aliança Procomex, a public-private partnership in Brazil, the Chief Executive Officer of the South African Shippers Council, the Director General of the Global Express Association and a Research Fellow of the Bangladesh Foreign Trade Institute.

15. The panel discussion opened with a presentation by one panellist highlighting the importance of the reliability of international trade procedures for importers and exporters, as a high variability in process time generated low reliability and hidden costs, to the detriment of a country's competitiveness. The panellist noted that authorities and business associations had acknowledged that better border processes could only come from sustainable cooperation between the public and private sectors, as well as cooperation with neighbouring countries and within regions. Building trust and inclusiveness had played an important role in the success of the trade facilitation initiative, while another factor of success had been active participation by the private sector.

16. Another panellist detailed the contributions of the South African Shippers Council in coordinating and representing the interests of shippers during trade facilitation reforms in the region. While the implementation of trade facilitation measures implied private sector costs related to staff, infrastructure, operations, equipment, training and information and communications technology, such costs had been more than compensated by the significant benefits for Government, shippers, service providers and State and regional economies. The social impact was also noteworthy, as trade facilitation measures rendered customs procedures more predictable, thereby reducing corruption. The panellist concluded her presentation by emphasizing that the private sector should therefore participate in the implementation of trade facilitation measures not only through collaborative platforms but also by funding such measures.

17. Another panellist introduced a customs capabilities database, available on the website of the Global Express Association, aimed at helping identify gaps between Agreement on Trade Facilitation commitments and practical situations, as perceived by express carriers, in the 139 countries covered by the database. The database also allowed for comparisons between countries and within regions.

18. One panellist and two delegates shared their national experiences in achieving trade facilitation reforms and on cost savings achieved in the longer term. In practice, many reforms had gone beyond the requirements of Agreement on Trade Facilitation measures, while challenges had often included, among others, the lack of appropriate infrastructure, political will, legal frameworks, information and communications technology and resource mobilization.

19. The experts discussed a number of related aspects, including the importance of political willingness in leading trade facilitation reforms, existing uncertainty of funding for countries needing assistance for their trade facilitation initiatives and the importance of trade facilitation-related costs, such as transport.

20. One delegate emphasized that a significant number of measures had not been implemented due to the weak modernization of administrations and specified that countries needed to enable an appropriate legal framework, increase awareness, elaborate a national strategy and build infrastructure.

21. Another delegate highlighted the fact that developing countries, in particular least developed countries, needed to be diligent when notifying categories of commitments to the WTO since any WTO member might trigger the dispute settlement mechanism in the event of non-compliance.

22. A representative of a United Nations body suggested using existing tools in order to reduce costs, such as recommendations, guidelines and the trade facilitation implementation guide available on the website of the United Nations Economic Commission for Europe.

3. Multilateral and regional trade facilitation negotiations and agreements: Ensuring coherence

23. The third informal meeting began its deliberations by recalling that, alongside the Agreement on Trade Facilitation, a number of other legal instruments at the multilateral level contained various degrees of trade facilitation elements, such as the standards and recommendations managed by the United Nations Centre for Trade Facilitation and Electronic Business, other United Nations transport and transit agreements and various conventions of which the International Maritime Organization and regional commissions were the custodians. Additional legal instruments that contained trade facilitation measures included the revised International Convention on the Simplification and Harmonization of Customs Procedures, the Safe Framework of Standards of the World Customs Organization and the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. Panellists included the Permanent Representative of Sweden to the WTO, a representative of the African Development Bank and the Senior Director of the BK Khare Company, Mumbai, India.

24. One panellist noted that self-designation under the Agreement on Trade Facilitation instilled responsibility and flexibility for countries to be forthcoming with measures to which they could commit. Self-designation also allowed for countries to assess the time frames they required for achieving compliance with the Agreement through necessary reforms, and formed a clear link between capacity constraints and the provision of technical assistance and capacity-building. Through self-designation, commonality might be reached, resources mobilized, national resources allocated and aid better channelled to respond to particular needs for the implementation of trade facilitation measures. The Agreement

encouraged countries to apply different categories of notification in order to proactively assess the status of their compliance with the Agreement. The panellist stressed that this would be helpful, especially in the case of category C provisions, in efforts to match needs and donor assistance, in the development of implementation plans and projects and in establishing collaborations.

25. Coordination would be essential in matching donors to requesting countries. As there was a risk of duplication, with countries channelling the same request for funding through various organizations, transparency would be key to mitigating such duplication and the panellist recommended channelling this exercise through international organizations, particularly the Annex D plus² organizations. The panellist noted that coherence was also obtained by not focusing solely on the Agreement on Trade Facilitation, but viewing it in the context of already existing legal instruments in order to understand how the Agreement fit in this broader context. With regard to the submission of notification through regional communities, although each member country of such a community might have a different starting point, it was important for countries to resist aiming for the lowest common denominator in determining the variables that would form notification, as this would undermine the already fragile partnership between donor and beneficiary countries. A better approach would be to first look into areas in which category C measures might be addressed at the regional level.

26. The panellist concluded by noting the long history of UNCTAD's positive experience in trade facilitation. He announced that, as a way of encouraging continuing and active contributions by UNCTAD in the implementation of trade facilitation measures, Sweden would channel additional funding through UNCTAD for identifying countries that required assistance to reach compliance with the Agreement on Trade Facilitation.

27. Another panellist noted that, similar to many other development banks, the African Development Bank was aware of the importance of its role in supporting trade and transport facilitation reforms across its region, especially in view of the positive impact of reforms on fostering efficient (intraregional) trade and on integrating Africa into regional and global trading systems. The Bank's focus was on addressing the soft aspects of regional transport infrastructure related to the freedom of transit and clearance of goods.

28. In 2013, the African Development Bank had approved infrastructure operations worth more than US\$3 billion, of which over half had been for transport infrastructure projects across Africa. The Bank had also been a major financier of regional transport corridors that it considered key to facilitating regional integration and trade.

29. Trade and transport facilitation would be a significant cross-cutting element in the African Development Bank's regional integration strategy for 2014–2023. The Bank's activities in this area constituted soft infrastructure, critical to complement its investments in hard infrastructure. In concluding his presentation, the panellist noted that the Bank's revised trade and transport facilitation framework provided an approach for mainstreaming and linking trade and transport priorities within the Bank's regional and country-specific operations.

30. In the ensuing discussion, one delegate observed that in developing a single window programme, it was important to pay attention to the following three elements from the start: interconnectivity and interoperability, which were crucial if the single window in one country was to exchange information with other trading countries to sustain future

² This group includes the International Trade Centre and the United Nations Economic Commission for Europe in addition to the original Annex D organizations.

collaboration; engagement of all economic operators in the construction of the correct single window; and commitment from key actors in the entire supply chain.

31. The panellists clarified that the Agreement on Trade Facilitation would play a complementary role in upholding coherence in free trade agreements and, in order to achieve effective trade facilitation reforms and progress in countries, it would be important to collaborate closely with neighbouring countries. The panellists recalled that the Agreement had been reached after lengthy negotiations, during which the interests of countries adhering to various free trade agreements had been taken into account.

4. Trade facilitation implementation: Tools and the institutional setting

32. In the introduction to the fourth informal meeting, a representative of the UNCTAD secretariat emphasized that implementation of the Agreement on Trade Facilitation measures could contribute towards quicker and more efficient procedures for import, export and transit operations by customs and other border authorities. Trade facilitation would be achieved through simplification, harmonization, standardization and increased transparency. The Agreement had foreseen the need to assist developing countries and least developed countries in their implementation procedures through the provision of technical assistance and capacity-building. Panellists included the Permanent Representative of Guatemala to the WTO, the Executive Director of the Enhanced Integrated Framework and a representative of the World Bank.

33. One panellist highlighted advances already made in the implementation of trade facilitation measures during negotiation of the Agreement on Trade Facilitation. Negotiations had been difficult at first, as the measures had been perceived by many developing countries as beneficial only for developed countries. This perception had gradually changed during the negotiations, as it had been understood that the aim of the trade facilitation initiative was to make international trade easier and thus reduce the costs of trade in general. One of the crucial elements in achieving support for the Agreement had been the inclusion of special and differential treatment provisions for developing countries and least developed countries. Moreover, during the negotiations, it had been essential to provide needs assessments of various national situations in trade facilitation. The panellist stressed in this respect that the national trade facilitation implementation plans prepared with assistance provided by UNCTAD had been a valuable element. Subsequent to the Agreement, the WTO member countries had begun discussing implementation details and debating the impact on individual countries' trade. In this context, the self-assessment of national situations would be crucial in undertaking the categorization of commitments at national levels. The Agreement required the establishment of national trade facilitation committees, and the proper functioning of such committees would be a determining factor for success in both national implementation and overall implementation of the Agreement.

34. Another panellist outlined the in-country process of the Enhanced Integrated Framework, stating that the basis for any Framework action was a Diagnostic Trade Integration Study that assisted in identifying constraints and building a country-specific action matrix, on the basis of which concrete projects were developed. The Framework had supported trade facilitation developments in a number of countries, including the following: Cambodia, where customs reform programmes had been implemented and support for the implementation of the Automated System for Customs Data provided; the Gambia, where support for establishing an air cargo terminal and training on trade facilitation procedures had been provided; and Maldives, where customs capacity-building had been provided. A project for support on one-stop border posts in Rwanda was in progress.

35. The panellist noted that the Framework could provide support for implementation of the Agreement on Trade Facilitation on two levels; tier 1 for analytical work and assistance in regulation review and tier 2 for hardware and information and communications

technology implementation projects. The Framework could also provide support for feasibility studies and needs assessment and assistance in the establishment of national trade facilitation committees. With regard to the latter, experience had shown that national Framework steering committees and national trade facilitation committees often overlapped, in that they consisted of the same actors or had been coordinated by the same ministries. The Framework had experienced a number of challenges in the implementation of trade facilitation measures, including in coordination and cooperation at regional levels, with a lack of political will to implement and finalize projects and in sourcing of additional resources to close identified gaps, for which all stakeholders were necessary, including donors and the private sector.

36. Another panellist provided an overview of how costs impacted trade and the connectivity of countries. In this respect, trade logistics had three major cost elements, freight, administration and induced costs such as storage and inventory. The latter were closely linked to the predictability of the supply chain; if the chain were less predictable inventories and storage needs increased and induced costs increased. Predictability of the supply chain was a significant factor in the ranking of countries in the World Bank Logistics Performance Index. World Bank studies had found that predictability and reliability were more important than actual freight costs for logistics impacts on the productivity of companies. Tariffs played a minimal role in this respect, while trade facilitation measures played a crucial role in the trade logistics planning of companies. In concluding her presentation, the panellist noted that Annex D plus organizations were enhancing coordination and collaboration on assistance to countries via a new Trade Facilitation Agreement Coordination Site (<http://www.TFACoordination.org>).

37. In the ensuing discussion, one delegate highlighted the assistance programmes that the World Customs Organization provided in connection with the implementation of the Agreement on Trade Facilitation, in particular the recently launched Mercator Programme. This Programme, a strategic initiative to support implementation of the Agreement, aimed at assisting Governments worldwide to implement the Agreement expeditiously and in a harmonized manner by using core World Customs Organization instruments and tools.

38. Some delegates shared national experiences of different steps in the implementation of trade facilitation reforms. A frequent challenge cited by the delegates was the need for inter-institutional collaboration, especially regarding comprehensive measures such as single-window programmes.

5. The way forward

39. Panellists for the final informal meeting included a representative of the UNCTAD secretariat, the Vice-Chair-cum-Rapporteur of the Multi-year Expert Meeting and a representative of the African, Caribbean and Pacific Group of States.

40. The panellists recalled substantive points of discussion from the previous meetings, and examined the role of ongoing work at the WTO concerning the different linkages between the Agreement on Trade Facilitation, the Doha Round of negotiations and the provision of technical and financial assistance.

41. With regard to practical next steps towards implementation of the Agreement on Trade Facilitation, the panellists highlighted the key role to be played by national trade facilitation committees in the implementation of national trade facilitation reforms. Such committees, which are an obligation under section III of the Agreement that cannot be designated as category B or C but must be in place upon entry into force of the Agreement, would be important for the implementation of many trade facilitation measures, especially those requiring inter-agency collaboration.

42. Given the recognized benefits of trade facilitation, the panellists reiterated UNCTAD's important and longstanding role in supporting member countries in this field. They called on UNCTAD's continued and expanded assistance in supporting trade facilitation reform in the coming years, including implementation of the Agreement on Trade Facilitation whenever relevant. They also called for donors to support UNCTAD in these efforts. Of particular relevance in this phase of implementation of the Agreement would be support for developing countries and least developed countries in the creation and strengthening of national trade facilitation committees, training and capacity-building and updating and finalizing of national trade facilitation implementation plans, including the preparation of project proposals for category C measures. The panellists noted that many trade facilitation challenges and solutions had a regional dimension. Coordination and collaboration among both neighbouring developing countries and development partners often needed to take place at the regional level.

43. While many soft trade facilitation reforms might not necessarily be expensive, the panellists pointed out that, in practice, such reforms were often linked to broader reforms and physical and information technology infrastructure investments, which tended to require more financial resources and longer term investments, and needed to be included in national development plans and drawn from national budgets.

44. The benefits of trade facilitation reforms were recognized. However, a continued concern for some delegates from developing countries and a representative of an intergovernmental organization was the possibility that necessary technical and financial assistance for the implementation of category C measures might not be forthcoming, and they reiterated the need for assurance that they would receive the required technical and financial assistance. While a country would not be obliged to implement the measures without assistance, the panellists stressed that it was actually in a country's best interests to undertake trade facilitation reforms, and that a key challenge for the practical application of section II of the Agreement on Trade Facilitation was to avoid such a situation from the outset. The panellists and one delegate also considered it important to advance in other areas of the WTO negotiations, in addition to the Agreement.

45. One panellist and one delegate expressed the concern that while the time frame under the Agreement on Trade Facilitation allowed more time to notify and implement trade facilitation measures, they might in practice actually wish to implement the measures earlier and receive the technical and financial assistance accordingly.

46. The panellists noted that, in view of the increased importance and political visibility of trade facilitation, additional activities by national, regional and multilateral development partners had emerged, offering technical and financial support to trade facilitation reforms. These activities had led to a need for additional coordination among development partners, for example through the Global Facilitation Partnership for Transportation and Trade, of which UNCTAD was a founding partner.

II. Organizational matters

A. Election of officers

(Agenda item 1)

47. At its opening plenary, on 1 July 2014, the multi-year expert meeting elected Mr. Edi Yusup (Indonesia) as its Chair and Mr. Thomas Fohgrub (Germany) as its Vice-Chair-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

48. Also at its opening plenary, the multi-year expert meeting adopted the provisional agenda for the session (contained in document TD/B/C.I/MEM.7/4). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Trade facilitation rules as a trade enabler: Options and requirements
4. Adoption of the report of the meeting

C. Outcome of the session

49. At its closing plenary, on 3 July 2014, the multi-year expert meeting agreed that the Chair should summarize the discussions.

D. Adoption of the report of the meeting

(Agenda item 4)

50. At its closing plenary, the multi-year expert meeting authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report after the conclusion of the meeting.

Annex

Attendance³

Representatives from the following States members of UNCTAD attended the session:

Afghanistan	Iraq
Angola	Jordan
Azerbaijan	Kazakhstan
Barbados	Kyrgyzstan
Benin	Lesotho
Bhutan	Libya
Brazil	Madagascar
Burkina Faso	Mauritius
Burundi	Mexico
Cameroon	Morocco
Canada	Nepal
Central African Republic	Niger
China	Nigeria
Colombia	Oman
Côte d'Ivoire	Panama
Democratic Republic of the Congo	Paraguay
Djibouti	Philippines
Dominican Republic	Saudi Arabia
Ecuador	Senegal
Ethiopia	Spain
France	Sri Lanka
Germany	Sudan
Ghana	Sweden
Guatemala	Tajikistan
Guinea	Togo
India	Trinidad and Tobago
Indonesia	Turkey
Iran (Islamic Republic of)	United States of America
	Viet Nam

2. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States
African Development Bank
African Union
Commonwealth Secretariat
Customs Cooperation Council
Eurasian Economic Commission
European Union
Organization of Eastern Caribbean States
Organization of Islamic Cooperation
Pacific Islands Forum Secretariat

³ This attendance list contains registered participants. For the list of participants, see TD/B/C.I/MEM.7/INF.2.

South Centre
Southern African Customs Union
Union of African Shippers' Councils

3. The following United Nations organs, bodies and programmes were represented at the session:

Economic and Social Commission for Western Asia
Economic Commission for Europe

4. The following specialized agencies and related organizations were represented at the session:

International Maritime Organization
World Bank
World Trade Organization

5. The following non-governmental organizations were represented at the session:

General category

Consumer Unity and Trust Society International
Ingénieurs du Monde
International Centre for Trade and Sustainable Development
International Network for Standardization of Higher Education Degrees
International Road Transport Union
