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TRADE LOGISTICS BRANCH, DIVISION ON TECHNOLOGY AND LOGISTICS

TRANSPORT NEWSLETTER

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IN THIS ISSUE

EDITORIAL

Trade facilitation rules as a trade enabler: Options and requirements

This issue of the Transport Newsletter looks into how UNCTAD has been contributing and will contribute to trade facilitation around the world, also in the context of the WTO Trade Facilitation Agreement.

The extensive work of UNCTAD in this field will be discussed trom 30 June to 4 July in Geneva, in the framework of three key events on trade faciltiation: 1) the Meeting of the Global Partnership for Transportation and Trade Facilitation; 2) the Multi-Year Expert Meeting on Transport, Trade Logistics and Trade Facilitation; and 3) the Ad-Hoc Expert Meeting on Trade Facilitation Committees.

The central event during this trade facilitation week will be the Multi-Year Expert Meeting on Transport, Trade Logistics and Trade Facilitation which explores trade facilitation rules as a trade enabler.

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

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

The experts' debates contribute to a better understanding of benefits and costs related to trade facilitation. They will also look at the impact of trade facilitation and Customs automation programmes on the trade of developing countries as well as the importance of mainstreaming trade facilitation implementation plans in development strategies. The meeting should also identify areas for further research contribute to the further strengthening of the existing collaboration among networks of transport and trade facilitation experts. Finally, the meeting aims at providing policy makers and negotiators with a better understanding of regional and multilateral agreements in the fields of trade facilitation and of the implementation of the resulting commitments, including through regional collaboration mechanisms.

More information on the upcoming events can be found here: http://bit.ly/1o4nySV

If you have any enquiries, please do not hesitate to contact us: trade.logistics@unctad.org

The Trade Logistic Branch Team

UNCTAD-ITC PARTNERSHIP ON TRADE FACILITATION

The United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC) have joined forces to assist developing countries in the implementation of the recent WTO Trade Facilitation Agreement reached in Bali, Indonesia. The two agencies signed on 4 March a Memorandum of Understanding reaffirming this collaboration.

“The Trade Facilitation Agreement is a real opportunity for developing countries, but only if they can put its provisions into practice,” said Arancha González, ITC”s Executive Director.

“The two agencies complement each other very well and can offer meaningful support to developing countries together,” said UNCTAD Secretary-General Mukhisa Kituyi. UNCTAD already has a successful programme in building institutional capacity around effective trade facilitation, while ITC has experience in building the capacity of the private sector and increasing their export competitiveness”, he added.

The programme which the agencies will develop will focus particularly on Least Developed Countries.

Initially, the cooperation will concentrate on helping countries to identify and categorise the commitments under the Agreement in categories A, B and C and ensuring support for implementing the transparency provisions of the Agreement. These include ensuring better and easier access to information for traders; helping to develop advance rulings and rights of appeal legislation; facilitating greater predictability and reliability of procedures through simplified formalities and documentation and the use of international standards; and the adoption of single windows for traders.

“These are just some of the areas where the ITC and UNCTAD have identified clear needs in developing countries based on UNCTAD”s needs assessment programmes and the surveys undertaken by the ITC of its SME clients,” Mr. Kituyi said.

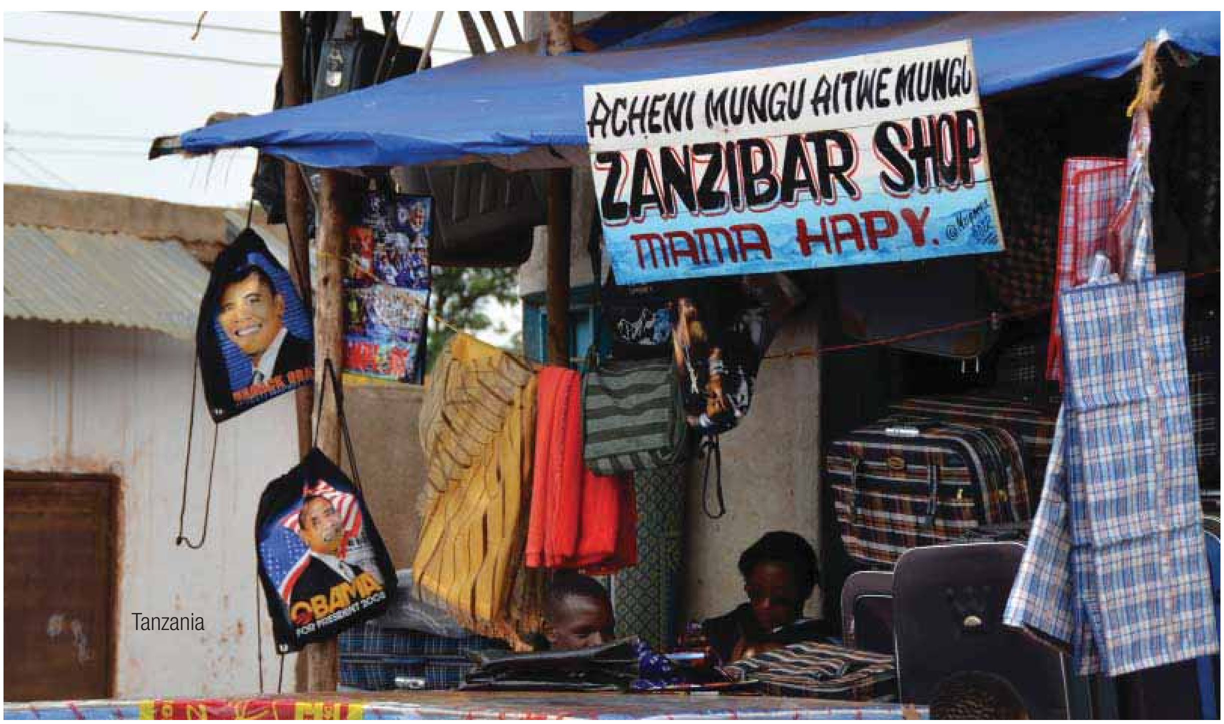
“In some cases we will need to ensure better cooperation between the public and private sector,” Ms. González said. “This is the ITC”s bread and butter: supporting a trade dialogue between business and policy makers.”

The collaboration between the two agencies is in response to a critical issue identified by developing countries in the lead-up to December”s WTO conference: whether there was enough financing and to support the necessary reforms, particularly in LDCs. This partnership will provide an opportunity to donors and other development partners to demonstrate their commitment to the implementation of global trade facilitation reform by working with UNCTAD and ITC. The agencies will collaborate with other organisations and the private sector to advance implementation of the WTO Trade Facilitation Agreement.

“The hope is that donors will see this collaborative venture between the ITC and UNCTAD, as an effective and efficient platform for helping developing countries, especially LDCs, to take advantage of the benefits an effective facilitating architecture can bring,” Mr. Kituyi said.

The private sector is also urged to explore ways that they can partner with the ITC and UNCTAD to provide their expertise to SMEs in developing countries. “Making the process of trade easier in developing countries is a plus for the global trade reality,” concluded Ms. Gonzalez, “It is a win-win situation”.

The contact persons for the purposes of this MOU are for UNCTAD: Jan Hoffmann (jan.hoffmann@unctad.org) and for ITC: Rajesh Aggarwal (Aggarwal@intracen.org)



Tanzania

UNCTAD'S SUPPORT TO THE IMPLEMENTATION OF THE WTO TRADE FACILITATION AGREEMENT

Trade Facilitation (TF) is more important for developing countries' trade competitiveness and development than ever. The requirements of global supply chains and international logistics networks make fast and reliable border crossings ever more crucial. In view of these trends, members of the WTO concluded negotiations on a new TF Agreement (TFA) in Bali in December 2013. This gave additional visibility to trade facilitation, and move TF high on national and international trade policy agendas.

UNCTAD's mandate in the area of Trade Facilitation dates back from the Final Act of its very First Ministerial Conference in 1964. The Final Act of the Conference recommended that UNCTAD "should promote, within the United Nations family, (…) Intergovernmental action for (…) the simplification of formalities relating to customs procedures, commercial travel, etc." Over the following years, UNCTAD's continued work on trade facilitation led to the United Nations Symposium on Trade Efficiency, organized in 1994 in Columbus (Ohio) and the Columbus Ministerial Declaration on Trade Efficiency. The latter was instrumental for the inclusion of Trade Facilitation in the WTO agenda at the Singapore Ministerial Conference in 1996.

UNCTAD possesses a long-standing expertise and experience in trade facilitation on which basis it provides technical assistance and capacity building support to developing countries, including in the establishment of national trade and transport facilitation committees, needs assessments, and trade facilitation implementation plans.

Implementing the TFA

The WTO Trade Facilitation agreement (TFA) concluded in Bali in December 2013 provides for commitments from both developing and developed countries as regards its implementation. Developing WTO members are to implement the measures set out in the TFA in line with their capacity. Developed countries and international organizations are to support developing members to acquire the necessary capacity.

UNCTAD partners with both developing and developed countries to help achieve compliance with the above commitments through a programme of tailor-made technical cooperation for the implementation of the TFA. UNCTAD's programme provides the necessary framework for the development and strengthening of developing countries' implementation capacity.

Objectives

The objectives of the programme are twofold:

a) Provision of assistance to develop national trade facilitation implementation plans for the identification of the corresponding categories (A, B and C), time schedules and resource requirements.

b) Provision of support towards achieving compliance capacity. For the latter, special focus will be placed on project development, strengthening national TF committees, capacity building, and ensuring the implementation capacity for category C commitments.

Scope

The scope of UNCTAD's support encompasses:

1. Developing national implementation plans as well as detailed project proposals for category C measures. The national plans may also cover the implementation of measures in compliance with regional or bi-lateral commitments.

2. Creating, strengthening and helping to sustain national trade facilitation committees. National TF committees need to be created in compliance with article 13 of the TF agreement. They constitute a key mechanism for the development of national implementation plans, the categorization of measures (A, B or C), and overseeing the implementation of TF measures and the necessary coordination among stakeholders.

3. Training and capacity building through tailor-made seminars and workshops to strengthen national capacities to comply with the WTO TF agreement.

Activities and outcomes

To achieve these objectives, UNCTAD TF programme includes tailor-made activities such as:

1. Preparation of national implementation plans.

2. Drafting of project proposals for submission to donors.

3. Production of technical and training material; web-based and hard copy.

4. Delivery of training and other support to national TF committees.

5. Tailored advisory services through Senior Technical Advisers, UNCTAD staff and consultants.

6. Delivery of national, regional and international seminars on the TF agreement and compliance requirements.

Impacts

UNCTAD's support will contribute to the following:

1. Increased implementation of TF measures, leading to more international trade.

2. Enhanced institutional and human development through capacity building and public sector reforms.

3. A strengthened multilateral trading system through enhanced compliance with multilateral trade rules and improved alignment of national and regional rules with the multilateral TF agreement.

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DEVELOPING SUSTAINABLE AND RESILIENT TRANSPORT SYSTEMS

The sixth session of the Trade and Development Commission, Trade and Development Board will take place in Geneva, 5–9 May 2014. The Comission will discuss issues to bear in mind when developing sustainable and resilient freight transport systems. Relevant considerations relate in particular to trends in global economic growth, demography, investment, technology, energy, transportation costs, and more importantly, climate change and the environment.

In recent years, multiple, interconnected crises have emerged. These range from global economic and financial meltdowns to the depletion of natural resources, growing environmental risks and climate destabilization. Freight transport, an economic sector in its own right and the backbone of international trade, is directly affected by these trends, complicating the sector's operating landscape. Energy security and costs, as well as climate change and environmental sustainability, call for particular attention, given their implications for sustainable development.

Further, freight transport is a key determinant of efficient market access, trade competitiveness and a country's ability to effectively integrate into global supply chains. In its role as an enabler of social and economic advances, freight transport also has the potential to erode some of its own benefits. The sector's heavy reliance on fossil fuels undermines resource conservation objectives, is costly and leads to environmental deterioration. In view of the current unsustainable patterns, it is both necessary and urgent to promote a shift towards more sustainable and more resilient freight transport systems – more sustainable in terms of striking a balance between economic, social and environmental objectives and more resilient in terms of adapting infrastructure, services and operations to a changing climate and environment.

Sea shipping, including port infrastructure and services, lies at the heart of the debate on sustainable transport development. With 80 per cent of international merchandise trade by volume and over two thirds by value being carried by sea, achieving sustainability and resilience in maritime transport is a necessary condition for the sustainability and resilience of global freight transport systems. All countries, developed and developing alike, including landlocked and sea-locked countries, depend almost exclusively on shipping to transport their imports and exports.

Sustainability principles in freight transport include the need to achieve economic efficiency and viability, safe and secure infrastructures and services, as well as environmentally friendly systems that prevent and minimize negative externalities, such as energy resource depletion, environmental degradation and climate change impacts. In this respect, building resilience to climatic factors entails ensuring system integrity, service reliability and functionality, as well as rapid recovery after disruption. These principles are consistent with the priorities of the Rio+20 Conference and the Millennium Development Goals. In the context of the post-2015 development agenda, there is an opportunity for the freight transport sector to be recognized as a key factor in advancing sustainable development goals, and thereby benefit from being mainstreamed into development policies and funding mechanisms generated by renewed international commitments.

The post-2015 development agenda in particular may provide an opportunity for LLDCs and SIDS to set priorities and targets that are specific to their sustainable development objectives. The process also allows the international community to consider the interconnection between energy, environment, and infrastructure and system resilience. In this respect, discussions at the seventh session of the United Nations Open Working Group on Sustainable Development Goals, held from 6–10 January 2014, have underscored the linkages between thematic issues such as sustainable cities and human settlements, sustainable transport, climate change and disaster risk reduction. Discussions have also stressed that climate change and natural disaster risks are cross-cutting issues that undermine development gains, thereby entailing the need for new sustainable development goals, targets and indicators that would address the issue of sustainable and resilient transportation.

Against this background, this note discusses some considerations to bear in mind when developing sustainable and resilient freight transport systems. Relevant considerations relate in particular to trends in global economic growth, demography, investment, technology, energy, transportation costs, and more importantly, climate change and the environment. The special case of the geographically disadvantaged and economically vulnerable countries, namely LLDCs and SIDS, is highlighted, given the underlying vulnerabilities and the particular sustainable development gaps identified in these countries. An overview of potential actions necessary to catalyse a shift towards more sustainable and resilient freight transport systems and the potential role of UNCTAD in supporting developing countries in these efforts are also discussed.

Read the whole note and find out more about the upcoming Trade and Development Commission here: http://bit.ly/1l3p1H0

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TRADE FACILITATION WORKSHOP FOR LATIN AMERICAN AND CARIBBEAN COUNTRIES

With the WTO's Bali Package on trade facilitation now in force, UNCTAD held a workshop in the Dominican Republic to help Latin American and Caribbean countries develop trade facilitation (TF) project proposals based on their national TF implementation plans

An UNCTAD workshop in Santo Domingo, Dominican Republic from 3 to 7 March 2014 gathered senior government officials and the private sector to draft trade facilitation project proposals addressing technical assistance needs linked to implementation of the WTO Trade Facilitation Agreement. Participants were from the Dominican Republic, Guatemala, Haiti, Nicaragua and Paraguay and included officials from ministries of trade, agriculture and health and customs.

The event followed on from a series of regional workshops UNCTAD conducted as part of its support to developing countries in the negotiations leading up to the agreement of the WTO Bali package last December.

With the Bali accord in place, donors and international organizations are now expected to focus on how to assist developing and least developed countries to implement its various provisions.

In his opening speech, Mr. Gregorio Lora Arias, Counselor of the Director General of Customs in the Dominican Republic, said,

"The WTO trade facilitation agreement will raise the competitiveness of our economies".

For five days, 20 participants elaborated and drafted trade facilitation project proposals to address their technical assistance needs in areas such as test procedures, border agency cooperation, single window systems (enabling cross-border traders to submit regulatory documents at a single location or entity) and other risk management methods.

In addition, there was a technical visit to the Port of Haina under the auspices of the Dominican Customs Department.

A special session with donor agencies also was held to examine how different development partners could be approached for technical assistance.

During the past two years, UNCTAD's Trade Facilitation Section has supported the drafting of national trade facilitation implementation plans in 30 developing and least developed countries and organized several regional training sessions on how to obtain technical and financial support for implementing actions required to ensure full compliance with the provisions of the WTO agreement. UNCTAD has more than 40 years of experience in the area of trade facilitation.

The workshops are part of UNCTAD's European Union-financed project "Implementation Plans for WTO Trade Facilitation Agreement in Developing Members".

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Participants from Dominican Republic, Guatemala, Haiti, Nicaragua and Paraguay during the technical visit at the Haina Port of Santo Domingo, Dominican Republic.

RECENT DEVELOPMENTS RELATED TO COMPETITION AND COOPERATION IN LINER SHIPPING

During the last year, the world's biggest container lines have expressed their intention to cooperate in the form of alliances, and have entered into vessel sharing agreements that are currently awaiting the approval of relevant competition and regulatory authorities. The establishment of alliances and other forms of cooperation among shipping lines has increased, following a tendency during the last decade in a number of countries and at the European Union towards review and gradual removal of exemptions from competition laws historically enjoyed by liner shipping conferences. In these circumstances, carriers should continue to collaborate to make operational improvements, while competition authorities ensure that there remains sufficient competition among them so that eventual cost savings are passed on to the shippers.

Competition law and liner shipping

Competition law, which has been known as "trade practices law" in the United Kingdom and Australia and is known as "antitrust law" in the United States, and as "anti-monopoly" law in China and Russia, in general aims to prohibit agreements or practices that restrict free trading and competition between companies. Although the content and application of competition laws, including those applicable to liner shipping, vary in different countries, there is an ongoing need to promote their compatibility and harmonization, and find solutions in cases of incompatibility.

Liner shipping, the business offering regular ocean shipping services in international trade, has for a long time been governed by agreements, originally in the form of conferences, and later, with the advent of containerization in particular, also in the form of consortia, strategic alliances, capacity accords and discussion agreements. Throughout its history, liner shipping has enjoyed exemptions from competition rules, and as a result, conferences among oceans carriers, allowing for freight rate fixing, have been permitted. The main reason has been the belief that this ongoing exception was justified by the specific economic problems faced by liner shipping as compared to other industries, including unusually high fixed costs, very large initial capital investment, other large non-cargo costs, overcapacity, etc. As a result, it was argued that without collective freight rate fixing, open and unrestrained competition would lead to "destructive" competition, instability of prices and undesirable oligopoly.

Following general dissatisfaction around the world with increasing freight rates, and discussion on whether exemptions from competition rules granted to liner conferences are still justified, there has been a tendency in a number of countries and at the European Union, towards the review of such exemptions, removing regulatory protections and subjecting liner conferences to open competition like other parts of the industry. In other countries, particularly in Asia, the tendency has been to continue to protect liner conferences from competition laws and maintain the exemptions granted in their favor.

In fact, since the 1990s, liner conferences started to be gradually replaced by consortia or alliances, particularly in the United States and European Union trades, where legislative changes gradually decreased the antitrust immunity of conferences. Unlike conferences, consortia and alliances do not set common freight rates but cover broader trade routes and aim to improve the efficiency of the operations of their members through technical, operational and commercial arrangements.

Alliances among liner shipping lines

In June 2013, the three biggest shipping lines in the world, Maersk, MSC and CMA CGM, announced that they intended to explore the possibilities of cooperation in the form of an alliance, called the P3 network, in order to make their activities more efficient and more competitive. This announcement was made at a difficult time for the liner shipping industry, characterized by fluctuating freight rates, increasing costs and diminished profitability, combined with overcapacity in the container industry and unpredictable demand.

According to the P3 vessel sharing agreement, the schedules, allocations and utilization of the network vessels will be managed independently by a joint operating centre. However, the three participating member lines will continue to have separate identity, and the sales, marketing and customer services for each of them will be handled by fully independent commercial departments, implying that they intend to still compete on price. This arrangement will be for ten years, with any member that wishes to withdraw required to give at least two years' notice, not earlier than eight years after the entry into force of the agreement.

Shortly after the P3 alliance announcement, the G6 alliance composed of APL, Hapag-Lloyd, Hyundai Merchant Marine, MOL, NYK Line and OOCL, also announced its intention to expand its cooperation to the transpacific west coast and transatlantic trade lanes.

The respective P3 and G6 vessel sharing agreements are currently under scrutiny and waiting for the approval of relevant competition and regulatory authorities (in the United States, European Union and China). Assuming they obtain the antitrust clearance, the P3 alliance is expected to become effective in July 2014, and the G6 alliance in April 2014. Actually the Federal Maritime Commission (FMC) in the United States was the first to grant regulatory approval to the P3 alliance agreement on 20 March 2014. However

France

the FMC announced that in order to assist in the future monitoring of the agreement, it would issue alternative reporting requirements for the P3 alliance members to watch their capacity deployment and its impact on freight rates.

In February 2014, it was announced that Evergreen, formally joined the CKYH alliance composed of four Chinese carriers, Cosco, Hanjin, Yang Ming, and K-Line. The new expanded alliance, called CKYHE, is also awaiting regulatory approval by relevant competition authorities. In the meantime, it appears that China Shipping Container Lines (CSCL) and United Arab Shipping Company (UASC) have been negotiating with the alliance and could join it as well. According to information from Alphaliner, the global market shares of the three big alliances, if approved, will be: P3-36.3 per cent, G6-17.8 per cent, and CKYHE-16.9 per cent.

The proposed alliances have received a mixed response from shipper organizations and other actors. The main concerns expressed include those about their size, in terms of number and tonnage of ships, sailing frequency and port coverage, which could negatively affect smaller carriers. Concerns have also been expressed about possible negative effects of alliances on shippers and competition in general. Such effects might increase even more, particularly for smaller developing countries, in a situation where a diminishing of the number of shipping companies in most markets has been observed during the last ten years. As stated in the latest edition of the Review of Maritime Transport, "the average [number of companies] per country has decreased by 27 per cent during the last 10 years, from 22 in 2004 to just 16 in 2013. This trend has important implications for the level of competition, especially for smaller trading nations. While an average of 16 service providers may still be sufficient to ensure a functioning competitive market with many choices for shippers for the average country, on given individual routes, especially those serving smaller developing countries, the decline in competition has led to oligopolistic markets."

Assessment of alliances and other considerations

During the antitrust clearance process, the relevant regulatory authorities normally focus on the assessment of all the aspects of the respective alliance agreements, which may have an impact on competition in the markets covered by those agreements. In the EU for instance, liner conferences, allowing their members to fix freight rates collectively and discuss market conditions, were banned since 2008 (by EC Regulation 1419/2006). Despite that, liner shipping consortia, as a form of operational cooperation, continue to enjoy a block exemption from EU competition rules, which is set to expire on 25 April 2015.

Thus, when assessing the P3 network, the European Commission has to first establish whether it falls under the block exemption for liner shipping consortia. According to EC regulations, in order to qualify for this exemption, the combined market share of the participants to a consortium must not exceed 30 per cent. In fact, the global market share for the P3 network exceeds that threshold, therefore the consortia block-exemption does not apply. However, this does not automatically mean that the P3 agreement will be declared invalid. Its compatibility with the EU competition rules is subject to self-assessment by the alliance members on an individual basis, and it can still be granted an exception if they are able to show for example that the overall efficiencies that will be gained from the P3 alliance will be passed on to shippers. Also under scrutiny by the European Commission would be access by other carriers, to terminals operated by the alliance members, as well as the sharing of confidential information between alliance members, particularly any possible exchange of information between their commercial departments and the independent operating network centre, which could affect the competition in EU markets.

Also worth noting is that although liner conferences have been banned in the EU since 2008, other countries allow them. For example, in Singapore, a major hub for the P3 members, the block exemption for liner conferences has been extended until December 2015. All the P3 partners are members of various liner conference and other cooperation agreements that still exist for non-European trades. Under these circumstances, a number of questions arise, such as for instance whether when considering the P3 alliance, the European Commission may decide that freight rate fixing within the conferences allowed under the law of another non-EU country, could affect the EU liner trades. Actually, this may be likely, because of the actual large collective market share of the P3 network.

Another question has been whether it could be safer for the proposed alliance members to resign from conferences outside the EU, rather than to risk being found infringing EU competition law. In the meantime, a number of global carriers, including the P3 partners, are already under investigation by the European Commission, after a series of raids that were conducted in their offices in May 2011.

It has also been argued that even if EU shipping lines might exit from liner conferences in order to avoid infringing EU competition law, shipping lines from non-EU countries that still maintain their conference membership, may claim they are protected by the UN Convention on a Code of Conduct for Liner Conferences, 1974 (the UN Liner Code), despite whether or not EU shipping lines participate in that conference trade. Currently, the UN Liner Code has seventy-six Contracting States. Out of the sixteen EU member States that have ratified or acceded to it over the years, six have denounced it so far.* In addition, it has been argued that these non-EU countries might contest that instruments adopted by the European Commission (particularly EC Regulations 1419/2006 and 1490/2007), prevent an EU Member State from fulfilling the antitrust exemption obligations it undertook when becoming a party to the UN Liner Code, and could therefore amount to an infringement of an international obligation from that EU Member State. Moreover, they may claim that the relevant EC Regulations were voted and approved when such EU Member State was a Party to the UN Liner Code.

It is worth noting that recently the European Commission launched a period of public consultations (27 February 2014 to 31 March 2014) on a proposal to prolong the existing consortia block exemption from EU competition rules until 2020. Hence, beyond the ongoing network assessments, an open and constructive dialogue between the liner shipping industry and the European Commission, about shipping competition rules and other related issues, should be helpful in further clarifying their respective positions and achieving a comprehensive and commonly agreed regulatory approach, acceptable to both carriers and shippers. Carriers should continue to collaborate to make operational improvements, while competition authorities ensure that there remains sufficient competition among them so that eventual cost savings are passed on to the shippers.

On a global level, States shall continue to promote compatible regulatory approaches and international harmonization of competition laws applicable to liner shipping in order to reduce the potential for their conflicting application. At the same time, free and fair competition, maintaining open trade, market access, economic efficiency, and transparency of laws, regulations and rule-making processes, remain of great importance.

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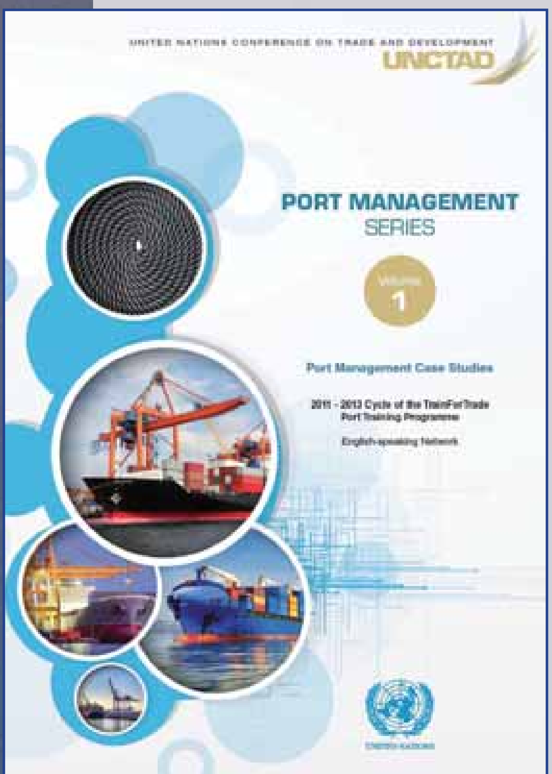
*For more information on the status of international conventions in the field of maritime transport, prepared or adopted under the auspices of UNCTAD, see the website of the Trade Logistics Branch, Policy and Legislation Section, http://bit.ly/1rFeHGA
For official status information, see http://treaties.un.org.

Trinidad and Tobago

PORT PROFESSIONALS IN DEVELOPING COUNTRIES SHARE KNOWLEDGE IN NEW UNCTAD PUBLICATION

New annual publication highlights the work being done through the TrainForTrade Port Training Programme in developing countries.



Port management professionals from five developing countries have contributed research to the first edition of a new annual publication that aims to help ports in developing countries improve their efficiency and productivity.

The first edition of UNCTAD's Port Management Series, published on 20 February 2014, focuses on the results of research conducted into port management and operations by participants of the TrainForTrade Port Training Programme (PTP) in Ghana, Indonesia, Maldives, Namibia and Indonesia.

The countries that contributed to the publication are members of the programme's English-speaking network. There are also French-speaking, Portuguese-speaking and Spanish-speaking networks.

The new series is intended for professionals, academics and government officials working in fields related to transport, port management and operations.

The PTP's participants – middle managers from port authorities, customs services, stevedoring companies, shipping agencies and other members of the port community – identified problems in their ports, carried out field research to better understand their causes and defined a plan of action for improvement. Throughout the process, the participants were guided by senior managers who acted as mentors.

This process requires the participants to immediately put into practice what they have learned through the programme to improve operations in their ports. It also provides them the opportunity to demonstrate their capacity to analyze and think strategically. This is important not only because it allows their senior managers to identify and promote talent, but also because it builds confidence in the abilities of each port organization's own staff.

The topics chosen by the authors included the following: an analysis of the performance of private stevedoring companies, improving equipment maintenance schemes, assessing the impact of oil trade on existing traffic, increasing transit traffic to land locked countries, improving information management, implementing customer-specific marketing schemes, increasing capacity and introducing new operating systems and evaluating the effects of outsourcing administrative work.

One of the dissertations from Ghana examined the cargo handling equipment of private stevedoring companies operating in Tema Port. The author discovered that, on average, the private stevedores are working with only 50 to 65 per cent of the equipment required by their licence agreements. The author compared the findings with the performance results of each company and showed how equipment availability is affecting the efficiency of handling cargo at the port. The author argued that a few strategic changes to the licence agreements would increase compliance, which in turn would improve cargo handling at the port.

The PTP is financed primarily by the member ports. The English-speaking network receives additional financial support from Irish Aid. The Dublin Port Company, the Port of Cork, Belfast Harbours Commissioners and the Drogheda Port Company provide support in kind.

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INTEGRATED AND SUSTAINABLE TRADE AND TRANSPORT FACILITATION MONITORING MECHANISM

As an important step to establish Trade and Transport Facilitation Monitoring Mechanism (TTFMM) in Bhutan, a national training workshop was organized by Bhutan National Trade Facilitation Committee (BNTFC), Asian Development Bank (ADB) and United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in Phuentsholing, Bhutan from 10 to 14 March 2014. Thirty-Four participants representing the key members of BNTFC attended the Workshop whilst eight experts from UNESCAP Trade and Investment Division and Transport Division, Asian Development Bank, World Customs Organization (WCO) and Kasetsart University, Thailand shared their expertise. The Workshop concluded that TTFMM should be implemented in Bhutan from 2014 and therefore agreed to submit the proposed implementation plan prepared during the Workshop to BNTFC meeting in April 2014 for final approval.

Similar workshops will be held in Nepal and Bangladesh in April 2014.

TTFMM has been jointly developed by in-house experts from ESCAP and ADB, with an aim to providing the countries with a guide on establishing a sustainable trade and transport facilitation monitoring mechanism. The key functions of the TTFMM are two-fold: (1) to formulate/update and prioritize recommendations for advancing trade facilitation; and (2) to measure and assess progress in trade facilitation. It is emphasized that TTFMM should be anchored with national trade and transport facilitation committee (or an equivalent institution) and rely upon national resources to make it sustainable and affordable. Underpinning TTFMM is the methodology called Business Process Analysis Plus (BPA+) which is built on the Business Process Analysis methodology, supplemented by Time Release Studies (TRS) and Time-Cost-Distance (TCD) methodologies.

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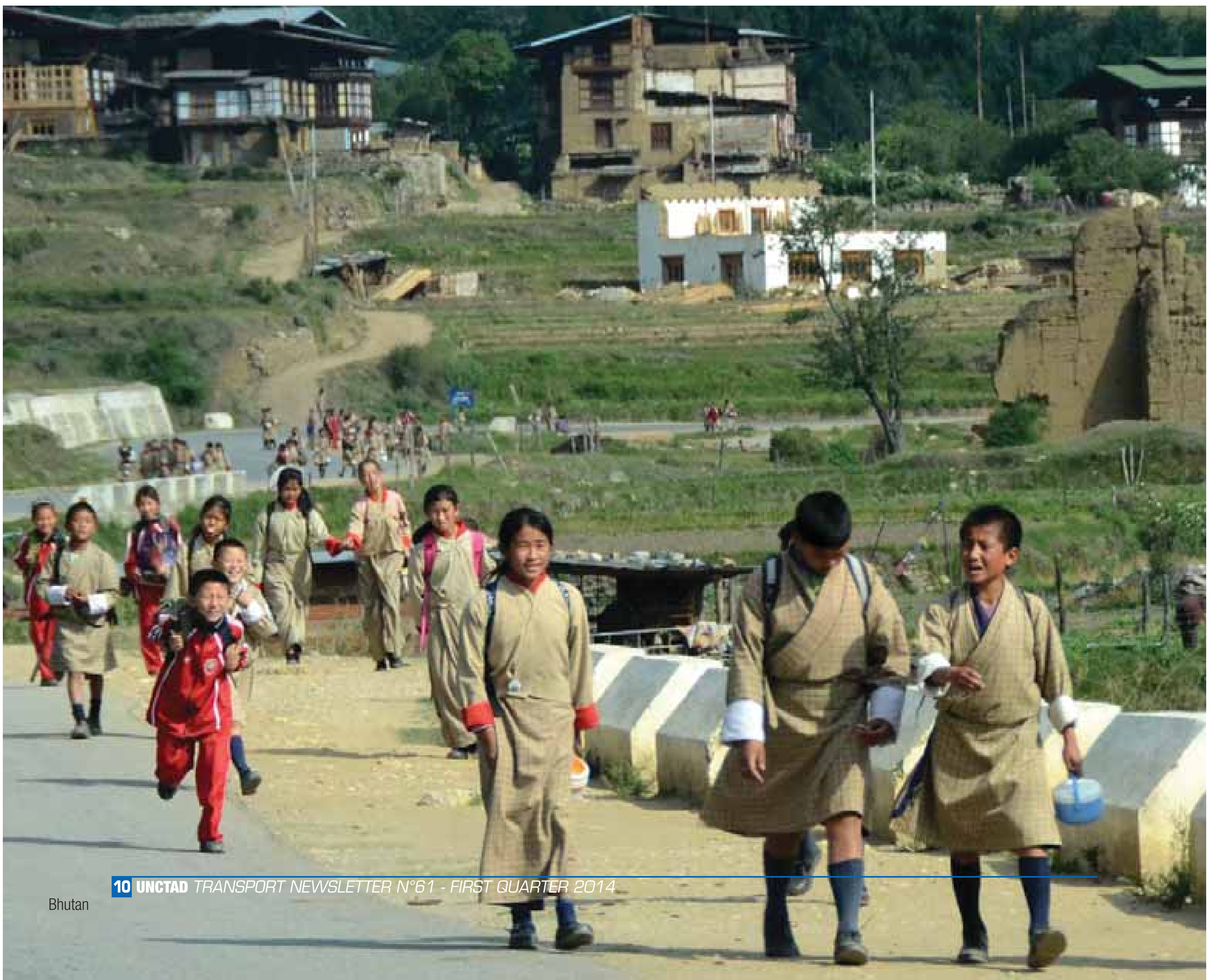

Bhutan

TRADE FACILITATION POTENTIAL OF ASIAN TRANSIT AGREEMENTS IN THE CONTEXT OF THE WTO NEGOTIATIONS

This paper examines how freedom of transit and transit facilitation are addressed in trade, transport as well as transit specific agreements in the ESCAP region, with a view to identifying good practices and the extent to which existing agreements meet the transit facilitation provisions set out in the draft text of the WTO trade facilitation agreement (TFA). Following an overview of the provisions on transit found in 153 preferential trade agreements involving ESCAP countries, the study provides a more detailed analysis of a sample of 19 international transport and transit agreements in Asia in terms of their trade facilitation potential. Although some useful provisions for transit facilitation considered during the WTO negotiations did not find their way into the final TFA, the text agreed in Bali strengthens the basis for implementation of freedom of transit in the Asia-Pacific region. At the same time, the analysis highlights the complexity of the existing legal environment for transit and suggests a need for further enhancing inter-agency coordination and strengthening of multilateral rules in this area, building on the "good practices" found in the many existing bilateral, regional and multilateral instruments

The paper can be accessed here: http://bit.ly/1ddenLq

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Pakistan

ONE STOP INSPECTION STATION PROJECT: A CENTRAL CORRIDOR «BIG RESULTS NOW» INITIATIVE

The East African Community Partner States, adjoining States and the Corridor Transit Transportation Facilitation Agency (CCTTFA) have raised concerns about the inordinate transit delays caused by repeated inspections done by multiple authorities along the Central Corridor. These repeated checks add unnecessary delay and cost (official and unofficial) to the journeys that trucks make along the Central Corridor. Indeed, it has been reported that trucks often have to stop as much as 20 times between Dar Port and Kigali and this can add up to 15 per cent to the cost of transporting goods along the corridor.

With the above mind, in February 2012, the Central Corridor Transit Transportation Facilitation Agency (CCTTFA) and Tanzania's Ministry of Works in consultation with East African Community Secretariat (EAC) and support from TradeMark East Africa (TMEA) commissioned a feasibility study to rationalise the required number of formal checks that transit trucks currently incur along the Central Corridor. During the feasibility study the three main agencies responsible for undertaking formal checks along the Central Corridor; the Tanzanian National Roads Agency (TANROADS) who control the weighbridges, the Tanzanian Police Force (TPF) who check the condition of vehicles and the Tanzanian Revenue Authority (TRA) who carry out customs checks all agreed to co-locate and coordinate their respective checks at three strategic locations roughly 10 to 12 hours (500km) driving distance from each other at Vigwaza, Manyoni and Nyakanazi. Here, transit trucks would be required to stop and undergo coordinated and official inspections in a secure location off the main road.

These One Stop Inspection Station (OSIS) facilities are expected to set aside sufficient space at each site for a filling station and mechanics garage which will be operated by the private sector. Each site is also expected to include secure parking and rest room facilities for truck drivers to rest and access useful information on driver safety, transit documentation and health issues.

The main benefits of collocating and coordinating the three checks at each One Stop Inspection Station include;

1. Reducing the time and cost of transporting transit goods along the corridor by only requiring transit trucks to stop at three locations along the Central Corridor. According to the Government of Tanzania's "Big Results Now" (BRN) Initiative the project will reduce the number of official checks for transit trucks from 17 to three along the Central Corridor.

2. Improving road safety by reducing accidents caused by tired drives.

3. Reducing road congestion brought about by trucks parked along the roadside and

4. Introducing electronically linked weigh in motion weighbridges to reduce truck weighing times.

Each location has been carefully selected to capture the largest amount of transit traffic. The site at Vigwaza is the first major weighbridge location outside of Dar es Salaam capturing both central corridor and the Dar es Salaam Corridor traffic to Southern Africa. The site at Manyoni captures traffic from the central corridor traffic as well as traffic coming from Kenya into Tanzania. The site at Nyakanazi captures Ugandan, Burundian and Rwandan Traffic.

The number of sites identified in the feasibility study also corresponds with recommendations of another EAC study which looked at identifying the optimum number of weighbridge locations along East Africa's major transport corridors carried out by the Bureau of Industrial Cooperation at the University of Dar es Salaam.

The project has now become a key deliverable in the Government of Tanzania's recent Big Results Now (BRN) Presidential Initiative and therefore has all the political support it needs to be successfully implemented. High level approval for the projects implementation has also been obtained from the Transport Ministers of the region and the Government of Tanzania's Cabinet.

The completed feasibility study confirmed the projects viability with an expected internal rate of return of 16 per cent. With this in mind TMEA has now committed to funding the detailed design and supervision of the OSIS's at Manyoni and Nyakanazi and the European Union haas agreed to fund the construction costs of both sites. As the World Bank is already funding a new weighbridge at Vigwaza, they have also agreed to fund the detailed design, supervision and construction of the OSIS at Vigwaza.

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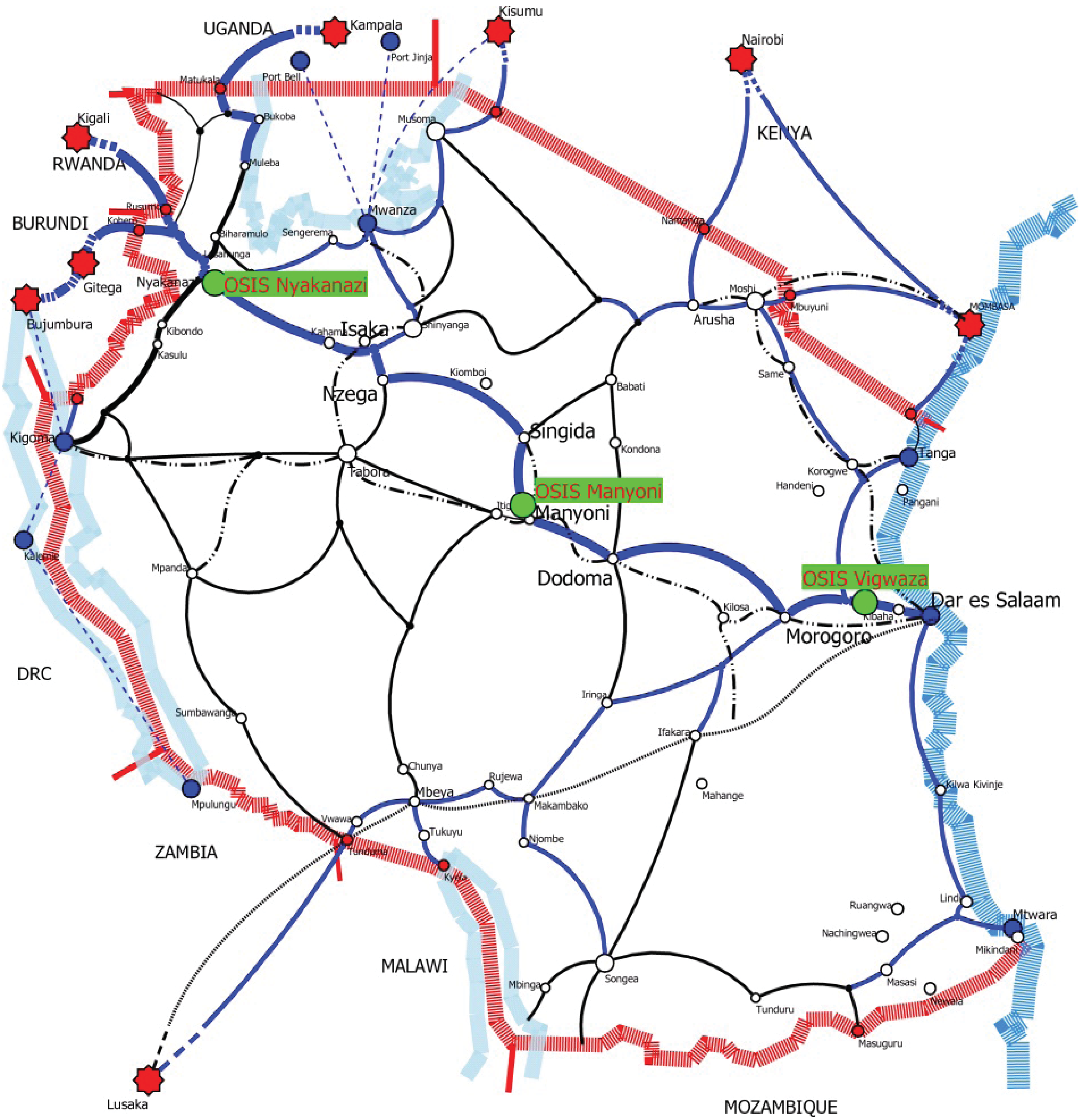


Proposed Locations of One Stop Inspection Station along the Central Corridor

FIATA HIGHLIGHTING THE IMPORTANCE OF LOGISTICS CONNECTIVITY TO THE OPEN WORKING ON SUSTAINABLE DEVELOPMENT

The International Federation of Freight Forwarders Association (FIATA) was present in New York for the 7th Session of the Open Working Group on Sustainable Development which was focused around the topic of sustainable transport.

FIATA and its Presidency have unanimously embraced the objectives of advocating for enhanced logistics connectivity in order to facilitate trade and achieve sustainable development in international trade, in particular where such enhanced connectivity would make a significant difference such as in countries that are geographically less favoured. FIATA's mandate is so strong that they have created a high powered group to focus on this subject; the members of this group as well as FIATA's members at large are ready to play their part and are ready to contribute to this process.

From FIATA's the idea of ensuring logistics connectivity to ensure sustainable trade lanes makes perfect business sense but it is also a very clear development objective. The OWG is charged with the initiative of preparing a proposal on the Sustainable Development Goals (SDGs) for the post 2015 Development Agenda.

Since the fall of 2013, FIATA's message has been very clear: the OWG must give priority to logistic connectivity, understanding its impact on the countries' international trade and consequently on their economies. The OWG has the power to influence global policy by proposing SDGs including logistics connectivity and can significantly transform the outlook of future trade, which is an objective that ranks high on the agenda of FIATA.

FIATA has highlighted that although some countries have established or are proposing appropriate legislation and measures aiming at sustainable logistics development, the advantages that a global approach to facilitate logistics connectivity would bring have not gained sufficient momentum yet and much work still needs to be done to embrace a fully sustainable development agenda with its many facts. The players in the logistics industry, like FIATA, and UN bodies such as UNCTAD could work in coordination to advocate UN Members states to develop globally accepted regulations that can facilitate the creation of wealth through better trade, as fostered by trade facilitation.

Recently, FIATA published a position paper which argued the design of SDGs needs to be action-oriented and conscious of the transport industry.

FIATA's Post 2015 Sustainable Development Goals must include Logistics Connectivity

In the paper, FIATA suggests that in order to ensure that SDGs are coherent with and integrated into the UN development agenda beyond 2015, the UN needs to allow for more facilitated inclusion and participation from industry stakeholders, like FIATA and other similar organisations, as well intergovernmental bodies which share common interests, allowing them to constructively participate in the upcoming sustainable development sessions. Such enhanced cooperation may contribute to mapping the areas where good practice can be promoted and initiatives can be carried forward without leaving anybody behind.

In the light of a global partnership, FIATA has learned that there are many organisations who share common goals and similar views. Throughout FIATA's experience working towards promoting sustainable transport and logistics, many delegates from different organisations shared our desire to collaborate for including logistics connectivity as one aspects of the Sustainable Development Goals.

In conjunction with the high level political guidance of the United Nations, UNCTAD and civil societies groups working together can influence OWG Member States' decision in a positive direction.

UNCTAD, in anticipation of the deliberations over the post-2015 Sustainable Development Agenda, has engaged with numerous policy makers, governments, the private sector, and civil society groups and hosted a series of meetings and dialogues on a number of issues related to the agenda, which are laudable and well appreciated by many stakeholders in the industry.

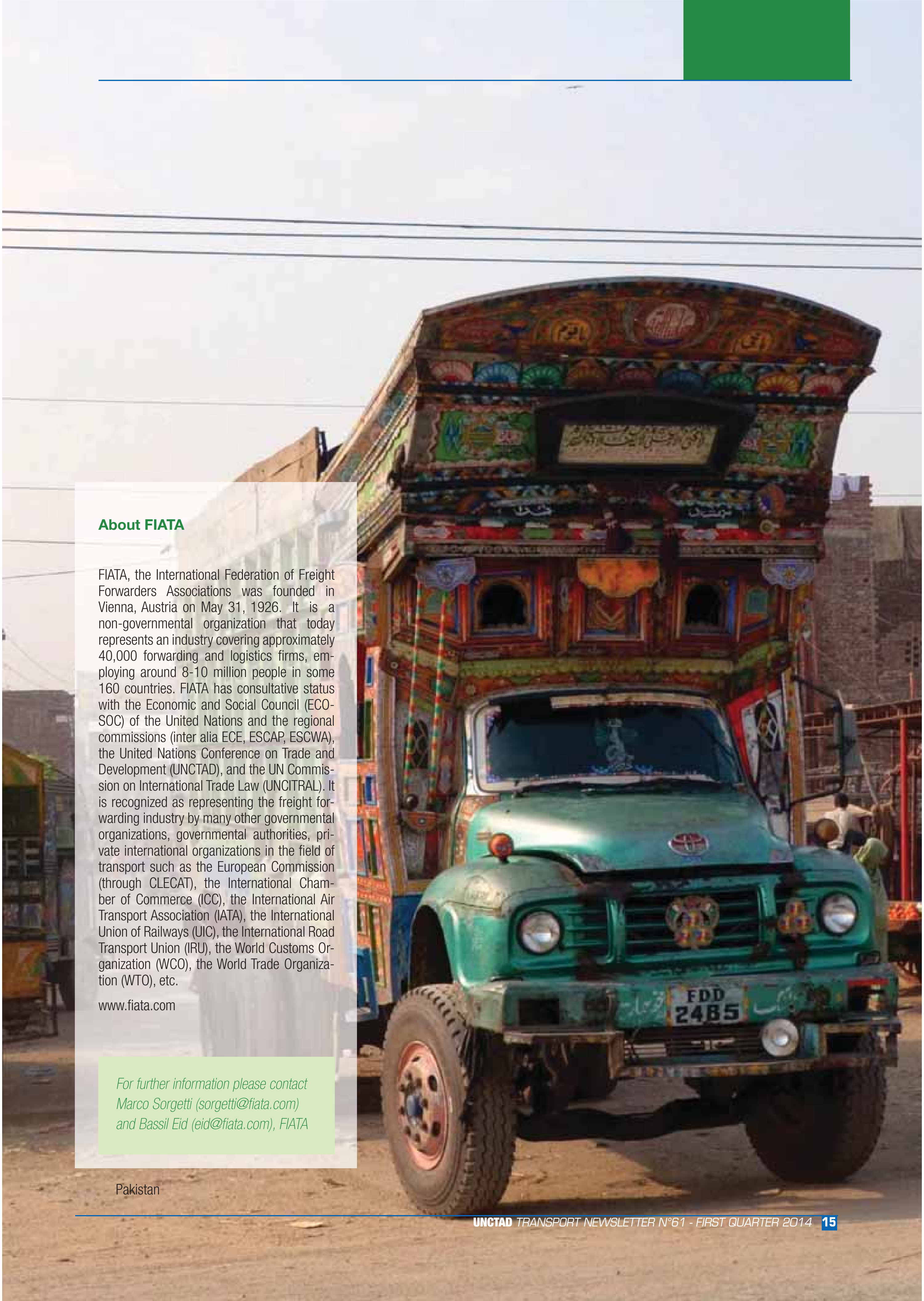
UNCTAD has pioneered in recognizing sustainability as a strategic objective for freight transport and trade. Over the years, under all three pillars of UNCTAD's work - intergovernmental consensus-building, research and analysis and technical cooperation, has increasingly integrated sustainability as a central issue for development.

The 2012 Doha Mandate further directs UNCTAD to "Assist developing countries, particularly LLDCs and transit developing countries, and some countries with economies in transition, to address challenges affecting their participation in trade from geographical constraints, with a view to improving transport systems and connections, designing and implementing resilient and sustainable transport systems, and enhancing transit infrastructure and trade facilitation solutions" (para. 56.h).

FIATA and UNCTAD, although separate bodies, stand on similar agendas to see the development of trade through better logistics connections.

UNCTAD is responsible for dealing with development issues, particularly international trade – an important driver of development. FIATA, a leading organisation from the private sector, with a constituency of 40.000 enterprises, provides insights of the internal workings of the logistics industry. The good cooperation between UNCTAD and FIATA dates back to many years. The opportunity to work together in active advocacy to ensure that transport related issues are highlighted would be an asset in the ongoing discussion and an opportunity for many countries, who could greatly benefit from such dialogue.

FIATA looks forward to collaborating with UNCTAD and striving to achieve common goals to enhance trade by shedding light on the contributions of logistic connectivity to the Open Working on Sustainable Development.



Pakistan

About FIATA

FIATA, the International Federation of Freight Forwarders Associations was founded in Vienna, Austria on May 31, 1926. It is a non-governmental organization that today represents an industry covering approximately 40,000 forwarding and logistics firms, employing around 8-10 million people in some 160 countries. FIATA has consultative status with the Economic and Social Council (ECOSOC) of the United Nations and the regional commissions (inter alia ECE, ESCAP, ESCWA), the United Nations Conference on Trade and Development (UNCTAD), and the UN Commission on International Trade Law (UNCITRAL). It is recognized as representing the freight forwarding industry by many other governmental organizations, governmental authorities, private international organizations in the field of transport such as the European Commission (through CLECAT), the International Chamber of Commerce (ICC), the International Air Transport Association (IATA), the International Union of Railways (UIC), the International Road Transport Union (IRU), the World Customs Organization (WCO), the World Trade Organization (WTO), etc.

www.fiata.com

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A PUBLIC PRIVATE PARTNERSHIP COULD MAKE OF VIZHINJAM IN INDIA A MEGA CONTAINER PORT

The Indian Union Ministry of Environment and Forests is reported to have given the mandatory environment and coastal zone clearance for the Vizhinjam International Sea Port project in Kerala.

The project, envisaging an outlay of Rs 4,010 crore, is proposed to be taken up under the public-private partnership (PPP) mode and on build, operate and transfer (BOT) basis. The Kerala Government is expected to develop the breakwaters and approach channel and ensure road and rail connectivity. It will also provide the back-up land for the port. The BOT operator will build the port infrastructure, such as berths and container yards, and install cranes and other super structures. In the current context of developments in international container shipping and transshipment trade, it would seem to be appropriate to evaluate the potential and attractiveness of Vizhinjam as a mega container transshipment port.

State participation

In many PPP port projects, the BOT operator is entrusted with the entire responsibility of developing the approach channel, dredging, reclamation and provision of navigational aids and others. In some cases even the responsibility of providing rail and road connectivity is also loaded on to the private bidder. But, in the case of Vizhinjam, the Government of Kerala has taken a logical and practical approach by dividing the area of responsibility between the public and private sector partners.

The Government appears to have realised that simple expedients like wholesale application of private sector or familiar colonisation of the public sector of all aspects of port operations in the name of controlling a natural monopoly does not lead to efficient and effective operations. There is evidence that the private sector can play a socially efficient role in certain components of port operations and its involvement is indeed justifiable, both on grounds of production efficiency and cost effective operation.

Equally tenable is the evidence in favour of the public sector to organise and operate certain vital segments of port operations exhibiting 'public goods' character in the interests of safety, environmental protection, technical efficiency and greater public accountability. The State Government has, thus, divided the operational responsibilities more rationally between the public and private sectors based on an investment-related operational philosophy to achieve maximum economic efficiency.

Era of mega ships

The decade of 2010 to 2020 is going to witness a steady increase in the size of container ships. As on September 2013 the global fleet of container ships consisted 5,041 ships with 16.7million TEU (twenty foot equivalent units) capacity. There were 2985 container ships with capacity up to 2,999 TEU, 1869 ships had capacity between 3,000-9,999 TEU and ships with capacity of 10,000 TEU and upward have now reached 187.

In 2013 10 new ships of 10,000 TEU and above were ordered from global shipyards, 60 ships are likely to come out in 2014, and 55 such ships will come in 2015. Of the 459 ships ordered, 223 container ships have capacity of 7,500 TEU and above.

The trend of building bigger and larger container ships is clear and it is likely to remain strong in view of the economies of scale demonstrated by the largest ships in service, namely the Maersk Lines' triple E class container ships of 18,270 TEU capacity that have a 30 per cent operational cost differential compared to older ships built up to 2010 or so. Further, the widening of the Panama Canal to enable vessels up to 12,000 TEU container ships to pass through, which is likely to be completed by mid-2015, is another reason to order larger tonnage.

As ships become bigger, they need deeper berths and approach channels, higher capacity cranes and an efficient turn round time. The maiden voyage of "McKinney Moeller" the world's largest container ship has made only 13 limited port calls in its Europe-Asia service. Twenty of such behemoths are scheduled to enter the Europe-Asia route in the next two to three years.

During the maiden voyage of the Triple E-class Maersk Line, the vessels did not make a call at any of the ports in South Asia. The important criteria for a ship call are deeper ports and approach channels (at least up to 16 to 18 metres deep), close proximity to international shipping routes, high capacity cranes with outreach extending up to 22 rows across the ship's beam, shorter turn round times with excellent container handling capability assisted by an efficient IT support team.

Colombo in Sri Lanka and Vizhinjam on the southern tip of India could become the likely candidates to be developed as mega container transshipment terminals in South Asia.

Advantage over Colombo

Colombo and Vizhinjam can both claim to have close proximity to international shipping route involving only a marginal diversion of about 20-25 nautical miles. The new deep water berths planned under the South Harbour extension in Colombo will ensure a deeper draught of 16 to 18 metres capable of accommodating the mega container ships. But Vizhinjam has the added advantage of deeper berths and approach channel up to 20 metres providing an extra cushion to accommodate even larger ships in the future at much lower cost of approach channel maintenance.

Vizhinjam being a non-major port falls outside the jurisdiction of the Tariff Authority for Major Ports and will, thus, enjoy the freedom to fix its own tariff based on a competitive market environment. As against an established and institutionalised port set up in Colombo, Vizhinjam will breathe fresh air since it has been developed on a green field environment with adequate flexibility to develop a new port infrastructure. Currently about 75 per cent of the traffic passing through Colombo is transshipped from Indian ports.

The other positives are the availability of skilled manpower, particularly trained IT hands, in the State. Kerala is also being seen as an investor-friendly Government, and the project could get full support and fast-track clearances.

When such favourable factors are properly harnessed it should be possible for the proposed mega container transshipment terminal at Vizhinjam to offer global standard in service.

Source: The HIndu Business LIne
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THE BANGLADESH TRADE FACILITATION COMMITTEE APPROACH TO THE IMPLEMENTATION OF THE WTO TRADE FACILITATION AGREEMENT

Introducing UNCTAD's Automated System for Customs Data (ASYCUDA) is one of the recommendation of the last report presented by the Policy Research Institute of Bangladesh.

Bangladesh

Bangladesh sets priorities for implementation of the Trade Facilitation Agreement (TFA) focusing on simplification of the existing procedures of cross-border trade, reducing the number of documents required for imports and exports and assessing the capacity for execution of the accord. Four bodies will be formed to work out ways to do so.

In February 2013, the Third Bangladesh Trade Facilitation Committee meeting formed four working committees to finalise the issues before implementing the TFA endorsed in the 9th WTO ministerial conference in Indonesia's Bali in December 2013.

The National Board of Revenue (NBR) and the ministry of commerce organised the meeting in association with the International Finance Corporation (IFC). Around 80 stakeholders from government offices, private sector and representatives from donor agencies attended the meeting.

Chief Executive Officer of Bangladesh Foreign Trade Institute (BFTI) Mostofa Abid Khan presented an overview of the WTO TFA in the introductory session.

NBR member (Customs and VAT) Md. Farid Uddin moderated the meeting. IFC expert Brian J O'Shea, commerce ministry representative Hafiz Maisoon, Md. Hafizur Rahman, director of the WTO Cell of the ministry of commerce, among others, spoke on the occasion.

A representative of the Policy Research Institute of Bangladesh (PRI) presented a paper on Bangladesh's trade facilitation challenges.

However, the working committees will sit together to find the ways of implementation of the TFA.

Issues like simplifying customs regulations, port development and electronic payment against imported goods are some of the major components the working committees will focus on.

The committees will work closely with representatives from the private sector to adopt policies for ensuring coordinated border management for exports and imports. They will identify the bureaucratic complexities in cross border trade and will try to find the simplest export/import process.

On finalisation by the committees, the issues will be placed in the next WTO meeting likely to be held in July next.

The PRI paper identified challenges including undervaluation and overvaluation.

"The more complex the import tax structure is the greater the challenge is for trade facilitation as complexity accentuates the barrier to movement of goods across borders," the PRI paper said.

The PRI conducted the research on trade facilitation on behalf of the WTO.

The PRI paper recommended introducing electronic approval procedures in exports and imports. It suggested introduction of the Automated System for Customs Data (ASYCUDA) that would aid electronic customs clearance to save time and transaction costs.

Md. Hafizur Rahman said air transport was 'inefficient due to congestion and lack of capacity at the air terminal.' The terminal is run as a monopoly. So, options to increase competition should be explored, he added.

He also said the Exchange Control Rules should be amended as restrictive foreign exchange controls constrain foreign direct investment.

"The trucking industry needs a reform strategy for modernisation and improved performance. Most trucks deployed are not designed to carry containers. Long transit time and congestions limit the movement of containers by road," he said adding that cross-border movement of trucks could be allowed to reduce congestions at land ports.

Speakers at the workshop also said a full-pledged testing centre should be set up in Chittagong besides the central one in Dhaka.

They also said Bangladesh Standards and Testing Institution (BSTI) should be engaged in testing other products instead of only consumer products.

Source: The Financial Express
http://bit.ly/Nx5Feq

MAKING TRADE FACILITATION WORK: THE IMPACT OF BUSINESS PROCESS RE-ENGINEERING

The Trade Hub's mandate is to provide technical assistance to promote economic growth, international competitiveness, inter-regional trade and food security through trade in Southern Africa. As part of this mandate, the Trade Facilitation Team is developing a number of modern trade facilitation concepts and tools to support the core goals and enhance capacity building and sustainability for governments in trade facilitation for the region. At the core of modern trade facilitation is change management and business process improvement, commonly referred to as business process re-engineering (BPR).

The concept of trade facilitation is receiving unprecedented attention and is at the heart of numerous initiatives within the border agency world. Trade facilitation is also a significant issue within the wider aid-for-trade and capacity building initiatives for developing countries. But what does trade facilitation really mean?

The WTO defines trade facilitation as "The simplification, harmonization, standardization and modernization of trade procedures, where trade procedures are the activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade."

The term "trade facilitation" is largely used by institutions that seek to improve the legislative and regulatory interface between government agencies and traders at national borders. It is a concept that can help improve border management and offset the additional burden on legitimate traders. It seeks to reduce the time and costs associated with border controls based on the idea that legitimate traders will benefit from their continuing compliance, and allow government agencies to focus their attention on high risk commodities and traders. To achieve enhanced trade facilitation, it is essential that government agencies focus their attention on the actual "processes" that are currently in place, assess their continued viability, and undertake a carefully thought out business process reengineering, or BPR.

What is BPR?

BPR is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements and critical contemporary measures of performance such as cost, quality, service and speed. BPR advocates that governments go back to basics and reexamine their very roots. BPR is not about small improvements: its aim is comprehensive change for the better.

What is a Process?

A business process is a series of steps designed to produce a product or service. It includes all the activities that deliver a "result" for a given client or stakeholder. In order for BPR to be effective, processes need to be "mapped" as the mapping process identifies the current "as is" for business processes. The "as is" must be fully mapped in order to design the "to be" roadmap for reengineering the government business functions. BPR at its heart is a cyclical and ongoing process to achieve continuous improvement.

The BPR Cycle

There are five main steps to the BPR design, which are:

1. Prepare – BPR requires governments to establish a dedicated cross functional team. In the case of trade facilitation BPR, cross functional teams would be comprised of representatives of all the agencies that administer cross border trade related legislation. The team would identify what its goals and objectives are, and develop strategic goals and outcomes

2. Map and Analyze – This step requires the BPR team to create process models of the current situation: the "as is." In the border clearance environment, this would include all activities related to the final release of goods from government controls into the commerce of the country. This would include document handling, approval requirements, payment methodologies and inspection requirements. The purpose of this mapping activity is to identify disconnects, duplications and value added processes. This exercise also requires agencies to perform a "root cause analysis" to all border clearance activities with a view to eliminating all activities and processes that do not have value in facilitating trade. It requires government agencies to ask the "W5" (Who What When Where Why). In the trade facilitation arena, this often results in the reduction or elimination of paper documents, a reduction in the number of approvals required and a significant reduction in the number of intrusive physical inspections of goods based on a concept of "risk management."

3. Design the "To Be" process – This step requires government agencies to establish performance benchmarks to the processes that will be radically changed as a result of the BPR exercise. Reengineered processes must be simulated and validated as facilitative, cost effective, and actually achieving a significant reduction on the costs and burdens associated with trader compliance in meeting their border clearance obligations. One of the most effective means of enhancing trade facilitation at borders relates to the aspect of "When."

4. Implement the Reengineered Process – Customs modernization initiatives globally have implemented programs whereby traders are able to meet their border clearance obligations before the goods physically arrive at the border, and meet their obligations under compliance verification after the goods have been released into the commerce. This concept is known as "time shifting." By allowing traders to submit all of their documentation prior to arrival, the shipment need only be subject to verification inspection prior to release. Payments of the applicable duties, taxes, fees, charges and levies can be made periodically instead of on a transactional basis. Documents can be verified for compliance as part of a post clearance audit process.

5. Monitor and Improve – As mentioned earlier, BPR is a cyclical and ongoing process to achieve continuous improvement in providing effective trade facilitation-oriented services.

The Impacts of BPR in the Trade Facilitation World

BPR is a tried, tested and true means of enhancing trade facilitation at national borders. BPR activities have resulted in their acceptance as a valuable customs modernization program, and their results are reflected in WCO trade facilitation recommendations under GATT Articles V, VIII, and X.

BPR has paved the way for the introduction of modernized government services that utilize simple rules and procedures, the alignment of procedures to international conventions, time release measures, paperless business transactions, government transparency in service delivery with a view towards client service and the engagement of the trading community in the design and implementation of new trade facilitation services.

BPR has enhanced border security through the introduction of risk management techniques, preferred treatment of authorized low risk traders, the cooperation and mutual recognition of controls between agencies and governments, and electronic reporting systems. It is the foundation for the introduction of trade facilitation concepts such as the National Single Window (NSW).

Both business and government stakeholders stand to gain from trade facilitation's harmonization, simplification and standardization objectives through BPR initiatives. It seeks to find improvement within the trade and border agency environment and reduce the transaction costs and burden between government and business.

How can the Trade Hub help?

The Southern Africa Trade Hub's role in supporting BPR for its beneficiaries is multi-faceted. One key activity is developing the BPR plan and assisting governments in executing it. Determining the "as is" will be achieved through activities such as readiness assessments for OGAs, border process and ITC diagnostics for ministries that will participate in the NSW environment, and analysis of trade documentation including licenses, permits and certificates for all trade-related ministries.

These activities will allow governments to create the necessary "toolkit" to design new processes, simplify, standardize and harmonize service delivery, and guide them to the final "to be" end-state, ensuring that capacity and sustainability are achieved through monitoring and continuous improvement.

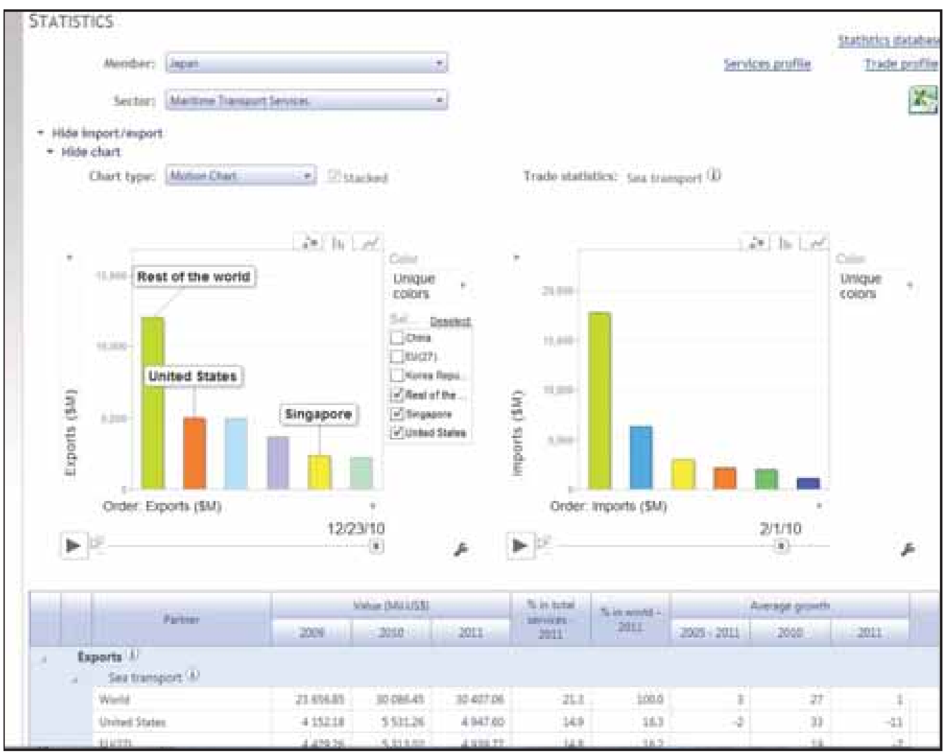
Source: USAID Trade Hub Southern Africa
http://bit.ly/1i3Bh8H

SERVICES DATABASE OFFERS ACCESS TO COMPREHENSIVE TRADE POLICY INFORMATION ON TRANSPORT SECTORS

The I-TIP Services database (http://i-tip.wto.org/services) makes it easier for governments and other stakeholders to access the various types of information relevant for trade policy-making, including in relation to maritime and other transport services.

I-TIP Services, the services component of the WTO's Integrated Trade Intelligence Portal (I-TIP), consists of a set of linked databases providing information on Members' commitments under the WTO's General Agreement on Trade in Services (GATS), services commitments in regional trade agreements (RTAs), applied measures in services, and services statistics. I-TIP Services is a joint initiative between the WTO and the World Bank.

In its four modules (GATS, RTA Commitments, Applied Regimes, and Statistics), the integrated database permits searches by Member, sector, agreement, or source of information. Searches can be conducted by subsector, for example focusing on maritime, road, rail, or air transport services. Search results are presented in summary form, as well as in more detail, and can be filtered across a number of additional criteria. Further, users can easily switch from one module to another, for example from looking at a particular Member's commitments in a given sector, to relevant commitments in RTAs, and then to related services statistics. All search results can be exported to Excel or PDF formats.



Screenshot of the website I-TIP

Information on specific commitments and MFN exemptions under the GATS

Multilateral obligations flowing from the WTO's General Agreement on Trade in Services have significant relevance for governments and operators in transport and other service sectors.

Specific commitments under the GATS, backed by the Organization's dispute settlement mechanism, guarantee minimum levels of "market access" and "national treatment" for service sectors inscribed in Members' schedules. Another key obligation of the GATS, most-favoured-nation treatment (Article II), applies in principle to all sectors, but Members' lists of MFN exemptions indicate areas where governments have reserved the right to maintain preferential or discriminatory measures against one or more fellow WTO Members.

This module of the database contains all GATS commitments and MFN exemptions undertaken by Members since the creation of the WTO. Its purpose is to make schedules of commitments and MFN exemption lists easier to handle, including by permitting searching by Member and sector.

The database also permits getting summary reports showing how many (and which) Members have undertaken specific commitments and/or MFN exemptions in relevant sectors. For example, in the case of maritime transport, 57 WTO Members have undertaken specific commitments, while 32 Members have taken a total of 67 MFN exemptions. MFN exemptions may concern such issues as preferential schemes relating to cargo sharing arrangements.

When consulting specific commitments and MFN exemptions in maritime transport services, it should be kept in mind that this sector is treated differently than other sectors in a number of ways, pursuant to Decision of the Council for Trade in Services of 3 July 1996 (S/L/24). Among other things, this Decision provides that commitments undertaken in respect of international maritime transport, auxiliary services and access to and use of port infrastructure, unlike existing commitments in other sectors, are not necessarily definitive. A Member may improve, modify or withdraw all or part of its specific commitments in this sector, during a period of sixty days the end of which shall coincide with the conclusion of the current multilateral negotiations. During the same period, Members shall finalize their positions relating to MFN Exemptions in this sector. Furthermore, the Decision suspends, until the conclusion of the negotiations, the application of the MFN clause for the subsectors concerned, except in those subsectors where Members have undertaken commitments.

Services Commitments in Regional Trade Agreements

RTAs with provisions on trade in services have significantly increased over the last decade or so. While only a handful of WTO Members were party to services RTAs before 2000, a majority of Members have now concluded at least one such agreement. Generally speak-

Uganda

ing, the scope and depth of market access commitments undertaken in RTAs exceed what has been done at the multilateral level, and transport services are no exception.

The RTA module allows accessing and searching for information on Members' commitments in regional trade agreements notified under Article V of the GATS. Among other things, the module permits searching by Member, by RTA, by sector/subsector, and to compare commitments undertaken by one or several Members across different agreements. Direct links to the texts of the agreements are also provided.

The database currently covers a majority (60) of the RTAs notified under Article V of the GATS. Additional notified agreements will be gradually added over time.

Information on Applied Regimes

Unlike the previous two modules, which provide information on international commitments (whether preferential or multilateral), this module provides information on applied measures affecting access to markets and conditions of operation by foreign service suppliers. It covers all services sectors, as well as horizontal (or cross-sectoral) measures.

This module organizes available information from WTO sources (e.g. Trade Policy Review reports, Trade Monitoring Reports, GATS notifications), as well as publicly available information from the World Bank, APEC, and UNCTAD. The database provides links to the original sources. It does not pretend to be exhaustive, but rather aims at facilitating access and search across already available sources of information.

For example, searching for information on maritime transport services would reveal such measures as conditions for vessel registration, cargo reservations, or limits on the movement of natural persons.

Among other features, the module permits limiting the search to only recent policy changes, or solely to measures that are applied on a preferential basis.

Information in this module is constantly updated, including through the addition of new measures contained in newly published WTO Trade Policy Reviews or Trade Monitoring Reports.

Statistical information

The module on services statistics accompanies the GATS, RTA and Applied Regimes modules by providing relevant trade in services data. For all service sectors, it presents available information on balance-of-payments trade flows for selected service sectors and, when possible, by partner, statistics on foreign establishment of firms (activities of foreign affiliates and foreign direct investment in service industries), as well as market information (production, employment). This information is provided in a standardized format for each Member. The application permits the production of different types of charts.

In addition, the I-TIP statistics module provides access to sector-specific indicators that have been obtained from a variety of sources. For example, in the case of maritime transport, the database currently includes data on maritime merchant fleet (from UNCTAD), on container port traffic (International containerization through the World Bank), and on international freight by sea (UNCTAD, World Bank, and the United Nations Statistics Division).

Following discussions with UNCTAD, collaboration in this field will increase, and the set of sector-specific indicators included in I-TIP services will be expanded, including to provide details on nationally- versus foreign-owned fleet and nationally- versus foreign-flagged fleet (in terms of number of vessels and tonnage), and to include UNCTAD's liner shipping connectivity index (LSCI).

Source: WTO, Trade in Services Division
For further information, please write to i-tip_services@wto.org

WORLD CHAMBERS FEDERATION AND THE CONFEDERATION OF ASIA PACIFIC CHAMBERS OF COMMERCE AND INDUSTRY UNITE TO PROMOTE TRADE FACILITATION IN ASIA

The International Chamber of Commerce (ICC) – through its World Chambers Federation (WCF) – and the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) have organized a workshop to speed up Nepal's access to the advantages and benefits of the ATA Carnet System

The workshop, hosted by the Federation of Nepalese Chambers of Commerce and Industry and conducted by ICC Asia Director Lee Ju Song, is the first of a series of joint ICC-CACCI events aiming to spread trade facilitation throughout Asia.

The workshop covered the benefits of joining the ATA Carnet System for the temporary duty-free and tax-free import and export of goods. Attendees included senior Customs and government officials, representatives from the Department of Finance, Commerce, Trade and Industry, trade promotion agencies, chamber staff and members, and freight forwarders.

Welcoming the initiative, Ms Lee said: ***"This was a major step towards the integration of all Asian economies in global trade, using the facilities offered by ATA Carnets to strengthen trade links between Asian companies and their foreign counterparts."***

"The early implementation of the system in Nepal will provide much-needed encouragement to other South Asian Association for Regional Cooperation members to rapidly ratify the Istanbul Convention," Ms Lee added.

The second in the series of workshops, that took place in India in March, served to convince Indian Customs to expand the scope of application of the ATA System to commercial samples and professional equipment.

The ATA Carnet, the so-called passport for goods, is an international Customs document that facilitates the temporary admission of goods into other countries without the need for normal customs procedures.

It is a public-private partnership success story, being jointly administered by the Brussels-based World Customs Organization - the depository of the international conventions on the temporary admission of goods - and ICC, which is the administrator of the international ATA guarantee chain.

More than 175,000 ATA Carnets are issued yearly for thousands of Customs transactions worth over US$25 billion. Goods covered include professional equipment, commercial samples and material for trade fairs and exhibitions.

Source: International Chamber of Commerce
http://bit.ly/1eqeoJX

WTO MEMBERS ELECT TRADE FACILITATION COMMITTEE CHAIR

At the first meeting of the Preparatory Committee on Trade Facilitation on 31 January 2014, WTO members unanimously elected Philippine Ambassador Esteban B. Conejos, Jr. as chairperson. This is the first important step towards implementing the Declaration on Trade Facilitation adopted by Ministers in Bali, Indonesia on 3-6 December 2013

Thanking WTO members for placing their confidence on him, Ambassador Conejos said he will make sure to "live up to expectations to this new assignment in line with the mandate agreed on at the Bali Ministerial Conference." "There is no time to waste," he added, calling on WTO members to work collectively.

Ambassador Conejos said the approach to the work of the new committee will be "member-driven, bottom-up, inclusive and transparent". He said he will be consulting with WTO members as of next week to hear their views on how to achieve goals that would benefit the whole membership.

The role of the committee will be to ensure the entry into force of the Trade Facilitation Agreement, prepare for its efficient operation, conduct its legal review, and receive notifications of members' commitments. It will also officially amend the Marrakesh Agreement establishing the WTO by inserting the new Trade Facilitation Agreement in Annex 1A.

After more than nine years of negotiations, WTO members finally reached consensus on a Trade Facilitation Agreement at the Bali Ministerial Conference in December 2013, as part of a wider "Bali Package". The final agreement contains provisions for faster and more efficient customs procedures through effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It also contains provisions for technical assistance and capacity building in this area.

Source: WTO
http://bit.ly/1gGAD1f

PUBLICATIONS

Country-level container port traffic estimates

UNCTADStats

UNCTADStats has recently published the newest estimates on country-level container port traffic.

http://bitly.com/1eUTqjf

Volume 16, Issue 1 of Maritime Economics and Logistics

This new volume of Maritime Economics and Logistics brings interesting articles on topics such as the influence of shipper on carbon emissions, the evaluation of efficiency of international container shipping lines or the economics of concentration in shipping, among others.

http://mel.iame.info

Volume 41, Issue 2 of Maritime Policy and Management

This issue includes articles on the following topics: maritime environmental governance and green shipping, factors influencing container carriers' use of coastal shipping and the effects of slow steaming on the environmental performance in liner shipping, among others.

http://mpm.iame.info

On the economic impacts of port investment

Jean-Paul Rodrigue and Joseph Schulman

This paper describes the relationship between ports and economic change. It revises the economic benefits of ports - direct, indirect and induced effects and describes also how the economic benefits of port investments could be measured.

http://bit.ly/1g3VjP4

Customs, brokers, and informal sectors: a Cameroon case study

New World Bank case study

Based on extensive interviews with informal importers and brokers in Cameroon, this paper explains why Customs reform aimed at reducing fraud and corruption may be difficult to achieve. Informal traders and brokers (without licenses) follow various business models and practices, which are product-specific. Overall, what matters first are Customs brokers' practices. Information asymmetries mark transactions between brokers and importers and are accompanied by misperceptions of the costs and risks of informal brokers working among informal importers. In a low-governance environment with widespread informal practices, blanket policies should be avoided in order to discourage activities of unprofessional and systematic bribe-taker brokers. It is also essential that Customs officials disrupt information asymmetries and better disseminate information to informal importers on customs processes and official costs. Finally, Customs should more strongly sanction some informal brokers in order to reduce collusion with some Customs officers.

http://bit.ly/1miBzKP

Trade Facilitation and Country Size

World Bank

It is argued that compared with large countries, small countries rely more on trade and therefore they are more likely to adopt liberal trading policies. The present paper extends this idea beyond the conventional trade openness measures by analyzing the relationship between country size and the number of documents required to export and import, a measure of trade facilitation. Three important results follow. First, trade facilitation does improve as country size becomes smaller; that is, small countries perform better than large countries in terms of trade facilitation. Second, the relationship between country size and trade facilitation is nonlinear, much stronger for the relatively small than the large countries. Third, contrary to what existing studies might suggest, the relationship between country size and trade facilitation does not appear to be driven by the fact that small countries trade more as a proportion of their gross domestic product than the large countries.

http://bit.ly/1hFP7KM

The WTO Trade Facilitation Agreement – Potential Impact on Trade Costs

A note of the Organisation for Economic Co-operation and Development (OECD)

A WTO Agreement on Trade Facilitation was concluded at the Bali Ministerial in December 2013. The OECD has since re-calculated the potential benefits of the Agreement for various groups of countries, using the OECD Trade Facilitation Indicators (TFIs) and taking into account the fact that, in reaching agreement, WTO Members set aside a few provisions from their original agenda and cast a number of others on a "best endeavours" basis.

http://bit.ly/1iiRh40

Transport Outlook 2013

OECD/International Transport Forum

The ITF Transport Outlook brings together scenario analysis for the long term with statistics on recent trends in transport. It identifies the drivers of past and possible future trends and discusses their relevance to policy making. Factors that could drive supply and demand for transport services to higher or lower bounds are identified and their potential impact explored.

This edition presents an overview of long-run scenarios for the development of global transport volumes through 2050. The analysis highlights the impact of alternative scenarios for economic growth on passenger and freight flows and the consequences of rapid urbanisation outside the OECD on overall transport volumes and CO_2 emissions. It includes a Latin American urban transport case study that explores specific characteristics of urban development and their long-term effects in urban mobility, modal shares and related CO_2 emissions in the developing world.

http://bit.ly/1gVbs5o

Turkey

Practical barriers for businesses trading across borders

International Chamber of Commerce

With 88% of respondents involved in import and export or trade in services (including freight forwarding, transportation and third party logistics), the survey reveals a need for greater capacity building, in particular through education and making information more easily available, to ensure that both traders and border control officials follow proper international trading procedures.

http://bit.ly/1dfKCcJ

Maritime Transport Security - Issues, Challenges and National Policies

Khalid Bichou, Joseph S. Szyliowicz and Luca Zamparini

Maritime Transport Security offers a multidisciplinary framework and a comparative analysis of maritime transport security policies and practices in several key countries.

Policy makers and industry stakeholders have established a set of international measures, procedures and benchmarks for maritime security. Yet the way these are designed and implemented often diverge due to technical, market and policy issues. This book includes both an interdisciplinary survey of the main concerns related to maritime security and an examination of a number of relevant country case studies.

http://bit.ly/1d3HpwA

Introduction To Transport Policy

Peter Stopher and John Stanley

This textbook introduces the basic concepts of transport policy and decision-making to students of transport policy, transport planning, urban transport, transport evaluation and public policy.

It presents the foundations and rationale of transport policy, incorporating a review of the policy formulation process and models of decision-making appropriate to public sector policy-makers. Topics covered include:

- The basics of transport planning and traffic theory deemed necessary to understand policy implications of issues including congestion, safety and parking.
- Potential solutions to problems such as road user charges, travel demand management, voluntary travel behaviour change, transport system management and public transport investment.
- Prescriptions for technological change.
- Discussion of the need for an integrated land transport policy along with a case study to illustrate how this might be developed for a typical metropolitan area.

http://bit.ly/PTQhuF

Go-Maritime: new website launched

The e-portal Go-Maritime is now online. The innovative web presence builds the new career harbour for pupils, students, job beginners and young professionals who are interested in a career in the European Maritime Industry. It aims to stimulate interest for job opportunities in the sector, to support the beginning of a career path and to show the concept of a career lifecycle.

Go-Maritime is based on the research that has been collected as part of the KNOWME project. Research institutions from six European countries developed concept and content. The implemented features such as multimedia tools and interactive services are targeted especially at young people. Go-Maritime is in this form a unique information source of career paths in the European Maritime Industry.

The KNOWME project also developed three e-courses free of costs: Cross-Cultural Training, Maritime Logistics and Supply Chain Management, and Environmental Management. Target groups are the potential and current workforce on board and onshore; as well as employees in the maritime industry.

www.go-maritme.net

UPCOMING EVENTS

Developing sustainable and resilient transport systems

5-9 May 2014, Geneva, Switzerland

The Sixth session of the Trade and Development Commission, Trade and Development Board, which will take place in Geneva, 5–9 May 2014. It discusses some considerations to bear in mind when developing sustainable and resilient freight transport systems. Relevant considerations relate in particular to trends in global economic growth, demography, investment, technology, energy, transportation costs, and more importantly, climate change and the environment.

http://bit.ly/1I3p1H0

Inaugural INCU Global Conference

21-23 May 2014, Baku, Republic of Azerbaijan

The conference is organised by the International Network of Customs Universities (INCU) in partnership with the State Customs Committee of the Republic of Azerbaijan and will focus on trade facilitation with the theme “Trade Facilitation Post-Bali: Putting Policy into Practice”.

http://bit.ly/1eVlXnE

Conference on Shipping in Changing Climates

18-19 June, Liverpool

The conference will be hosted by Tyndall Manchester as part of the EPSRC and industry funded Shipping in Changing Climates consortium project and during the International Festival for Business 2014.

Climate change poses great challenges for the shipping sector. It is a key element of consumption and production systems world-wide but what we consume and how goods for consumption are provisioned will both affect and be affected by climate change. This conference focuses on the shipping system to ask the following questions: 1) What types of technological, operational and other supply-side changes are needed to deliver a secure and resilient, low-carbon shipping system? 2) How might climate change policies and impacts in other sectors (e.g. the energy sector) influence patterns of trade and the demand for shipping? 3) What are the barriers and opportunities towards a radically decarbonised shipping system?

http://bit.ly/1hHnwsv

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