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Third session
Geneva, 8–10 December 2010

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

Held at the Palais des Nations, Geneva, from 8 to 10 December 2010

I. Chair's summary

1. The third session of the Multi-year Expert Meeting on Transport and Trade Facilitation, whose theme was "Emerging challenges and recent developments affecting transport and trade facilitation", was held from 8 to 10 December 2010, pursuant to the decision by the Trade and Development Board at its fifty-fifth session and the approved terms of reference, and in accordance with paragraphs 107 and 164–168 of the Accra Accord. Experts had before them background note TD/B/C.I/MEM.1/8 prepared by the secretariat.
2. The meeting provided a forum for discussion of the latest developments and emerging challenges in international transport and trade facilitation. The experts present came from ministries of trade and transport, customs authorities, the private sector, academia, and international and regional organizations.
3. The meeting was organized under the following main sessions:
 - (a) Recent developments in transport and trade facilitation
 - (b) Recent developments in trade facilitation
 - (c) Emerging global challenges affecting transport and trade
 - (d) Important regulatory developments
 - (e) The use of ICTs in logistics, trade facilitation and supply-chain security

A. Opening statements

4. In his opening remarks, the Deputy Secretary-General of UNCTAD, Mr. Petko Draganov, stressed the importance of transport and trade facilitation as integral components of international trade. He stressed that this was of particular concern to landlocked developing countries (LLDCs) and to small island developing States (SIDS), which faced different problems, and yet shared similar challenges by virtue of their remoteness from trading partners. In general, the key obstacles facing developing countries – in particular LLDCs and SIDS – included poor infrastructure, inefficient logistics services and cumbersome trade procedures, which caused delays at border crossings and ports. These factors had a significant impact on transport and trade costs, which greatly determined developing countries' trade performance and competitiveness. As over 80 per cent of world trade by volume was carried by sea, it was also important to consider the growing importance of sustainability considerations in shipping. In that respect, some recent regulatory measures developed under the auspices of the International Maritime Organization (IMO) with a view to supporting sustainability in shipping were of particular relevance.
5. Ms. Anne Miroux, Director of UNCTAD's Division on Technology and Logistics, emphasized in her speech that efforts aimed at improving developing countries' trade performance and competitiveness would require policy interventions that would take into account transportation-related concerns. Policy objectives such as transport and trade facilitation, cost-effective and energy-efficient transport services, supply-chain security and environmental sustainability needed to be brought together into a comprehensive and strategic policy framework. Moreover, while developing such a framework, policymakers had to take into account a variety of factors that were currently impacting on the field of trade logistics. These included the financial crisis, oil price developments and their implications for transport costs and trade, climate change and the related impacts on transport and trade, supply-chain security and the related regulatory requirements, environmental regulations related to sustainability in shipping, and promotion of the

use of information and communications technologies (ICTs). Ms. Miroux stressed that the meeting was an opportunity to share the valuable country experiences, and the lessons learned with regard to best practices and policy options, and to explore ways and means of addressing the concerns of LLDCs and SIDS.

6. Mr. José María Rubiato, Officer-in-Charge of the Trade Logistics Branch, then introduced the background note prepared by the secretariat for use at the meeting. He drew attention to some of the key issues discussed in the document, and noted the main challenges and opportunities in the field of transport and trade facilitation at national, regional and international level. To focus and facilitate the deliberations of the expert meeting, several relevant questions were brought to the attention of participants.

7. Several delegations commended UNCTAD for its timely and appropriate organization of this expert meeting session, in view of the relevance of the topics addressed and the important challenges being faced by member States in developing transport and trade. The secretariat was also congratulated for the quality of the background documentation prepared and the highly qualified invited speakers.

B. Recent developments in transport and trade facilitation

8. By way of introduction, the secretariat highlighted that maritime transport was facing several challenges in the context of the drop in global economic activity over the past two years, namely a decrease in the level of seaborne trade, a decline in freight rates, and paradoxically, an increase in the number of vessels and their size. The resulting demand–supply imbalance had had negative repercussions on the level of freight rates. Among the other challenges to transport were the need to implement and ensure compliance with regulatory requirements, fluctuating fuel costs, limited development of multimodal services, reduced frequencies of transport services, and varying uptake in trade facilitation measures.

9. Experts and speakers also looked at some of the major problems facing ports and access to them for landlocked countries. It was stated that ports were central components to growth of trade in the regions and economies in which they operated. In the current context of globalization, ports needed to adapt to the new requirements of the market, including constraints on building at existing ports, and the increasing sophistication of equipment to cater for the increases in vessel size. This also impacts on LLDCs, which have a limited choice of alternative ports. The view was put forward that, in a long-term vision, when planning transport infrastructure and taking into consideration sustainability concerns, adopting a multimodal approach and aiming at specialization may help ports to develop positive synergies with their immediate geographical and economic environment.

10. As an example of such an approach, a speaker from a port authority advocated undertaking strategic needs assessments to identify market and trade opportunities, and spoke of the need for a commitment to adopt socially responsible, economically effective and environmentally sustainable development policies and actions. In their role as gateways for major trade routes, ports should make plans so that in the medium and long term they will have adequate infrastructure to respond to expanding demands and to contribute to the social and economic development of their home location. For this purpose, they should network and partner on institutional matters with other trade and transport players to ensure the highest quality of services, building on highly skilled human resources capacities.

11. It was pointed out, particularly in regard to the least developed countries (LDCs), that transport and trade facilitation issues sometimes competed with other more immediate priorities. However, with an eye to long-term development

prospects, speakers stressed the importance of governments and development partners attaching a higher priority to such issues. It was stated that LDCs were confronted by the challenge of low trade volumes and poorly developed infrastructure increasing transport and other transaction costs. Higher transport costs, in turn, were an obstacle to trade, making it difficult for LDCs to achieve the economies of scale that would be necessary to attract cost-effective and frequent transport services.

12. LDCs could also potentially benefit from World Trade Organization (WTO) agreements on trade facilitation. As the future of the WTO negotiations on that issue was uncertain, experts considered that, in view of the worsening vulnerability of LDCs, members of WTO should come to an early agreement on technical assistance and capacity-building for LDCs. In the case of LLDCs, overseas trade was particularly impacted by transport and trade facilitation matters, as LLDCs depended on neighbouring transit countries' ports. Recommendations for improving transport and trade facilitation for LDCs focused on three main areas. Firstly, LDCs themselves needed to prioritize transport and trade facilitation and to include reforms and investment in their national development plans. Secondly, with regard to infrastructure, transport services, and transport and trade facilitation, many of the practical solutions would involve regional cooperation. Finally, LDCs and their regional partners would continue to depend on financial and technical support from the international community.

13. Some experts signalled that the relationship between landlocked and transit countries was not a balanced one. Traders from LLDCs depended on the infrastructure and regulatory environment of neighbouring transit countries in order to gain access to their seaports and overseas markets. On the other hand, transit countries were concerned about non-payment of customs duties if cargo declared to be in transit was effectively imported. To respond to those concerns, transit countries had put in place various measures such as customs escorts, cargo tracking systems and guarantee schemes, which could easily become an obstacle to trade. Experts pointed out that in order to improve the situation of LLDCs and the relationship between LLDCs and transit-developing countries, transport and trade facilitation measures needed to be adopted in a comprehensive and coherent manner. For example, the development of infrastructure should go hand in hand with the efforts to simplify and harmonize regulatory requirements and procedures at both national and regional level.

14. The development of corridors, underpinned by facilitating regulatory measures through bilateral or regional transit arrangements, was highlighted as a viable solution for LLDCs to facilitate trade and transit. However, there was often a major difficulty in properly implementing such arrangements, as they frequently met with a lack of political will to harmonize regulations and procedures between neighbouring countries. As a positive example, a pilot project introducing electronic surveillance cargo tracking systems, a guarantee payment scheme and dematerialized customs procedures along the corridor by several countries in West Africa, was showcased. Such measures not only facilitated trade and transport, but also improved the relationships and trust between neighbouring LLDCs and transit countries, ensuring that goods in transit were not diverted to the local market of a transit country. Solutions, however, needed to go beyond just transport and trade facilitation, also covering the liberalization of transport markets, the development of infrastructure, and logistics solutions such as dry ports.

15. With regard to the impacts of a future WTO agreement on trade facilitation, some participants highlighted the importance for landlocked developing countries of Article V of the General Agreement on Tariffs and Trade (GATT), and noted that the implications on LLDCs of the ongoing negotiations were still uncertain. It was

stated that LLDCs should not have unrealistic expectations of the benefits they could potentially derive from such an agreement. Independent of a future WTO agreement, both landlocked and transit-developing countries could benefit from close cooperation in the implementation of trade facilitation measures, which should be based as much as possible on existing international standards. Attention was drawn to the fact that the facilitation of transit trade was not only important for LLDCs, but for practically all countries' international trade, and that many landlocked countries were, at the same time, important transit countries for their coastal neighbours.

C. Recent developments in trade facilitation

16. The secretariat explained that the agenda for trade facilitation reform was advancing at the national, regional and multilateral level. The inclusion of trade facilitation in WTO's Doha Development Round was both a result and a cause of the increased attention being paid to trade facilitation. About 25 per cent of existing regional trade agreements included provisions on trade facilitation, and most ongoing regional trade negotiations today included such provisions. It was therefore important to ensure effective management of the interface between regional and multilateral trade facilitation initiatives, and to streamline international commitments with national development strategies.

17. Numerous experts highlighted different reasons why a multilateral trade facilitation agreement was important for developing countries. Quantitative research had suggested that an agreement would have strong positive impacts on logistics services and international transport, and consequently on countries' trade and development. Also, a multilateral agreement would help to improve legal certainty. In addition, it could help some countries to lock in the results of national trade facilitation reforms and to obtain the necessary political push at the domestic level to prioritize trade facilitation as part of the overall national development strategy. Above all, it would help global traders and service providers to work within a more harmonized international framework, as national requirements would be based on the same international rules and standards. Experts representing the private sector, in particular, highlighted their interest in seeing that national and regional reforms built upon multilateral instruments.

18. Experts reiterated that the future implementation of a multilateral trade facilitation agreement would depend on effective institutional settings, both at the multilateral level (including, for example, a trade facilitation committee at WTO) and at the national level (including, for example, national trade facilitation committees). It would also depend on effective application of the principle of Special and Differential Treatment to ensure that developing countries and LDCs received the necessary technical assistance and would not be bound by commitments if they did not have the corresponding implementation capacity.

19. Compliance with commitments made at the multilateral level would often require regional cooperation, while regional commitments in the area of trade facilitation would complement those made at the multilateral level. Several experts stressed the need for the relevant international transport and trade facilitation instruments to be ratified and implemented widely.

20. The proliferation of regional trade agreements posed a challenge to traders and agencies, necessitating trade facilitation measures that would allow customs and other agencies to effectively deal with the "spaghetti bowl" of agreements and the application of rules of origin. By way of example, it was explained how different

regional agreements included different requirements regarding the acceptance of certificates of origin or the reports of laboratory tests issued by different entities.

21. With regard to regional commitments in the area of trade facilitation, there was a risk of applying different procedures to imports from different trading partners. It appeared that some trade facilitation measures included in regional trade agreements (RTAs) were non-preferential, i.e. that they benefited non-members as well as members of an RTA. Such measures, for example, included national single-window and paperless trade environments, which were usually applied equally to trade flows from all trading partners. On the other hand, there were also measures that had been shown to apply on a preferential basis among the parties to the RTA in question, and thus were discriminatory to third parties. These measures could include – for example – provision of advance rulings, harmonized customs procedures, fees and charges being exclusively agreed among the parties to an RTA, and the application of regional standards. It was suggested that RTAs should include as many non-discriminatory trade facilitation provisions as possible, and should possibly “multilateralize” the remaining preferential trade facilitation provisions. An example of the latter was moving from regional standards to international standards, or a unilateral adoption of non-discriminatory fees and charges.

22. Experts discussed cases where regional integration processes had helped to promote and implement trade facilitation reforms at the national level. One example was where an African LDC with low internal production capacity and a high dependence on imports had designed and implemented a national trade facilitation programme benefiting from regional initiatives, to respond to the consequences of the global economic crisis. Such a positive experience could serve as model for other similar situations.

23. In response to growing trade and growing demands for trade facilitation, many countries had created national institutions and informal working groups aimed at involving the main national stakeholders in the reform processes, including traders and service providers from the private sector. It was stated that Customs had to assume a key role in those processes, and that in practice, that often involved the ratification and implementation of the World Customs Organization’s Revised Kyoto Convention, including its Ethics Code. Several national experiences highlighted the need for collaborative mechanisms and effective cooperation among all stakeholders.

24. One delegation was of the view that a major challenge facing developing countries was funding the construction of transport infrastructure projects. It was important to obtain more technical and financial support from international organizations and international banks, with such support being based on the technical needs of developing countries. The delegation added that it would be necessary to equip developing countries with the required technologies and equipment to develop their trade and transport infrastructure, particularly in the fields of air transportation and port development, and that in that context, the transfer of relevant technology to developing countries was essential in order to accelerate and facilitate trade and transport. The development of national transport networks, complemented by regional road networks, was seen as a vital issue too, especially with a view to completing missing links between Eastern and Western Asia.

D. Emerging global challenges affecting transport and trade

25. The secretariat put forward the view that against a background of an increasingly integrated world economy, transport infrastructure and services needed to be ever more efficient, cost-effective, reliable and environmentally sustainable. Meeting these demands, however, was complicated by growing concerns over a number of global challenges, which included increasing pressure on conventional energy supplies and the implications of elevated oil prices on transport costs and trade, as well as the potential impacts of climate change on transportation and the costs of taking effective adaptation measures. The presentations and discussions at this session focused on these challenges and on ways in which they may be effectively addressed, particularly with a view to the concerns of developing countries.

26. A speaker from the International Energy Agency (IEA) stressed that current imbalances in supply and demand for oil were likely to be exacerbated by growing demand, especially from emerging developing regions, for their mobility and growth needs. There was a realistic expectation of supply-side constraints, with prospects of a plateau (or even a peak) in global oil production. Highlights from the IEA's *World Energy Outlook 2010* showed that pressures on energy markets would drive up oil prices, and at the same time increase the cost of achieving manageable levels of climate change. Oil price levels were projected to vary according to different policy scenarios, but there were clear indications that the "age of cheap oil" was over and that, in the absence of policy action, oil prices would rise substantially.

27. While energy requirements could partially be met by increased production of other forms of energy, such as gas liquids and unconventional oil, these options remained expensive and highly carbon-intensive. A key measure to address the problem would be to reduce energy demand to take pressure off the market. In this context, phasing out fossil fuel subsidies could be an effective measure to cut energy demand and achieve the right price levels. In response to a question on differences in the level of subsidies between for example the United States, China and the European Union, it was explained that the methodology used by IEA to estimate global subsidies was based on the differential between the set and international market prices.

28. According to IEA, reducing transport's dependence on fossil fuels and cutting its carbon emissions could be achieved by a combination of a high level of efficiency improvements in all modes, the adoption of alternative fuels, and the promotion of modal shifts (e.g. from truck to rail). Transportation systems that were highly carbon-based posed particular risks for developing countries' trade, given the cost implications. Nevertheless, these costs could be alleviated via efficiency improvements and shifts away from oil.

29. To improve understanding of how rising oil prices and fuel costs affected transport costs and international trade, the results of a recent empirical study on the subject were presented by a speaker from Vivid Economics, which had been commissioned by IMO to undertake the study. The aim of the study was to gain insight into the potential impact of proposed market-based measures currently under consideration at IMO with a view to reducing greenhouse gas emissions from international shipping. The study estimated the impact of higher bunker prices on freight rates, as well as the impact of higher freight rates on consumers and producers. With the perspective of developing countries in mind, both analyses were conducted for several markets, including grain, iron ore, and the container and tanker trades.

30. The speaker emphasized that the impact of rising energy costs varied across products and routes, depending upon the particular shipping and product markets, and that there was a need for further empirical studies to inform specific country interests. In this context, reference was made to a study on the subject by the UNCTAD secretariat entitled “Oil Prices and Maritime Freight Rates: An Empirical Investigation” (UNCTAD/DTL/TLB/2009/2). In the longer term, a change in fuel costs may alter patterns of trade, as the competitiveness of producers in different locations changes as a result of increased transport costs. The elasticity of freight rates to bunker prices was found to differ across shipping routes and trades. In response to the question of whether there was a point below which transport costs were no longer dependent on oil prices, it was noted that there were many factors at play and that there was a difference between a systemic, permanent rise in oil prices, and volatility. These factors had the effect of altering the degree to which transport costs responded to changes in oil prices. The costs pass-through of increased freight rates into product prices also varied across product and market from nearly zero to over 100 per cent: this meant that in some cases the increased costs were effectively paid for by the consumer, and in other cases by the producer. Consequently, it was important to consider the competitive structure of the market analysed; not every increase in freight rates would be fully passed on to consumers.

31. An important message that emerged in this respect was that there was a need for an active response to the impact of rising fuel costs, by making structural economic adjustments and seeking ways to adapt to the new price levels. For this to happen, it was important for countries to fully understand their areas of specialization and competitiveness, as well as their economies’ structure and costs, so as to better prepare for future trends. Further research and information-sharing were essential, to ensure that better insight was gained into the economic impact of higher transport costs; this included work to enhance understanding of the impact from oil prices on freight rates, and of the subsequent effects on trade. UNCTAD, in cooperation with other organizations, could provide a forum and a platform for relevant research and analytical work and discussions.

32. A speaker from the World Bank stressed that technology change alone might not be sufficient to achieve sustainable transport. Transport costs were a significant impediment to trade. In this context, the question raised was whether global environmental developments – including climate change – posed a threat to trade costs. Transport was expected to remain by far one of the largest oil users, and to become the main carbon emitter under a business-as-usual scenario. This situation was unlikely to change if technological change was not forthcoming. It was noted that alternatives (i.e. fuel and engine technologies) had inherent limitations (e.g. first-generation biofuels), which made them less likely to be widely deployed.

33. It was further noted that a rise in fuel or carbon costs due to action on climate change would increase transport costs. However, globalization, changes in international trade patterns, and the rise in the value-to-weight ratio of international trade had the effect of reducing the potential rise in transport costs. To keep international transport costs low, climate change adaptation action had to reduce the risks of disruptions caused by extreme weather. Furthermore, it was imperative to improve multimodality, including through modal shift. One delegation noted that from the perspective of the LLDCs, it was always necessary to think in terms of modal shift, and that the use of inland waterways could be an option to consider. Also, the value-to-weight ratio was interesting to consider inasmuch as it helped assess the potential trade gains that may arise from focusing on trade in products requiring less transportation. In addition, it was important that efforts to reduce dependency on fossil fuels – through the use of alternatives – should take into account the perspective of the LLDCs.

34. The national experience of Ethiopia had shown that although the cost of adaptation in the field of transport may be significant, introducing adaptation measures for the development and maintenance of road infrastructure was crucial for the viability of the country's agricultural trade and economic development. This particular case highlighted the necessity of taking climate change adaptation measures in transport to support trade and development, and showed that the costs associated with adaptation differed according to the geographical location, the level of development, and the structure of the economy and trade.

35. Overall, the presentations and discussions relating to the various emerging global challenges facing transport and trade showed that the nexus between energy, transport costs and climate change was a strong one which involved a complex and dynamic set of interrelationships and feedback mechanisms.

36. A presentation was given at the meeting of the national experience of Azerbaijan in the area of trade facilitation, including Azerbaijan's approach to developing its customs service. Among the main objectives of Azerbaijan's national transport policy were the development of transport infrastructure and the improvement of transport legislation.

E. Important regulatory developments

37. The secretariat introduced the significance of negative externalities from shipping (e.g. marine and air pollution, and risks and hazards to human safety and health), which had the effect of raising costs. With social and environmental considerations becoming as important as economic imperatives, sustainability in shipping had been growing in importance and was emerging as a key strategic objective for shipping, its users and its regulators. The session on regulatory developments highlighted the importance of sustainability in shipping, focusing on three distinct sets of international legal instruments.

38. Experts considered the international legal regime for compensation in relation to ship-source pollution, with special emphasis on the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea 1996, as amended in April 2010 by a Protocol adopted under the auspices of IMO. The Hazardous and Noxious Substances (HNS) Convention, which had not yet entered into force, was modelled on the very robust established international legal framework for compensation for oil pollution from tankers administered by the International Oil Pollution Compensation Funds (IOPC Funds). The HNS Convention as amended by its Protocol established a tiered system for the payment of compensation in the event of incidents at sea involving hazardous and noxious substances, such as chemicals. With many coastal and SIDS economies being heavily dependent on income from fisheries and tourism, damage arising from ship-source pollution incidents was a potentially significant economic threat. Therefore, ratification of the relevant international legal instruments may provide significant benefits to these States.

39. One speaker provided a comprehensive overview of the central features of the relevant international legal instruments dealing with ship-source oil and HNS pollution, and of the central role of the IOPC Funds in administering relevant claims. Examples were given of some historical and also more recent oil spills, and of the related claims. The presentation highlighted the benefits of the tiered system, whereby liability and compensation were shared between shipowners and cargo owners, with cargo-receiving member States contributing to a fund. The IOPC Funds provided substantial compensation in cases where a pollution incident led to claims in excess of the limited liability applicable to the shipowner. Countries that

did not receive significant imports of oil and/or hazardous and noxious substances would be able to benefit from substantial compensation without having to make significant contributions, in the event of a claim arising from a pollution incident. For some countries, i.e. those without any relevant imports, the potential financial exposure would, in fact, be minimal. With regard to the HNS Convention, it was important to note that HNS incidents, while less frequent and extensive than oil pollution incidents, were associated with potentially devastating consequences, often including loss of life or personal injury. Therefore, entry into force of the amended HNS Convention would help close an important regulatory gap and be of considerable benefit to the international community.

40. Another expert noted that the IOPC Funds had a role to play in facilitating implementation of the Convention, including through technical assistance, capacity-building and outreach activities, which could be furthered strengthened in cooperation with IMO.

41. An important key message that emerged from the discussion was that the IOPC Funds system and the HNS Convention may provide win-win solutions, especially for coastal States whose economic well-being depended to a large extent on their marine resources, biodiversity, fisheries and tourism. Moreover, it was noted that incidents of oil pollution had declined significantly over the years, as a result of the widespread implementation of relevant international legal instruments in the field of liability and compensation. Thus, entry into force of a relevant legal regime to cover HNS incidents could also help to increase safety in shipping. Experts were encouraged to raise awareness among decision-makers in their respective national administrations about the relevant international legal instruments, and to consider the potential benefits arising from ratification. In this context, it was suggested that development-oriented agencies, together with IMO and the IOPC Funds, had a role to play in facilitating the widespread ratification and implementation of these instruments in developing countries.

42. A representative from IMO highlighted the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships as another important legal instrument with key implications for environmental sustainability and human health and safety. Adopted in 2009 under the auspices of IMO, the Convention aimed to provide globally applicable ship-recycling regulations for international shipping and for ship-recycling activities. This was of particular relevance to the five countries that accounted for some 98 per cent of the global ship tonnage scrapped, namely China, India, Bangladesh, Pakistan and Turkey. Ship-recycling activities constituted an important source of employment and revenue, including through the associated trade in parts and components from the recycled ships (e.g. engines, equipment, furniture). Factors affecting the decision to recycle ships included the macroeconomic fundamentals, regulatory requirements (e.g. the phasing-out of single-tanker ships), and the physical deterioration of ships. It was noted that some LLDCs wished to benefit from the relevant technical assistance provided by IMO.

43. One speaker provided an overview of the history and the rationale for adoption of the Hong Kong Convention, and provided relevant details about its structure and key requirements, including in relation to ship-recycling facilities and interim measures for introducing technical requirements of the Convention on a voluntary basis. The criteria for the Convention to come into force were highlighted too, and it was noted that it might take several years for the relevant conditions to be met. The speaker noted that when the text of the Convention was being negotiated, trade-offs had to be made to ensure that ship-recycling regulations remained flexible and universal and did not undermine the ship-recycling business.

44. The representative of Turkey, the world's fifth-largest ship-recycling nation, highlighted the strategic importance of ship-recycling activities for Turkey's economy and trade. This experience was considered a good example of "sustainable" ship recycling, for its use of advanced methods and technology, and its proper management of the waste resulting from ship dismantling. The legal boundaries between the Hong Kong Convention and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal were clarified by delegates from the respective Convention secretariats, who pointed out that while the Hong Kong Convention regulated ship recycling "up to the gate of the ship-recycling facility", the Basel Convention regulated the subsequent management of waste following the dismantling of a vessel.

45. Taking into account the social dimension of sustainable shipping, experts also considered the Maritime Labour Convention, which had been adopted by the International Labour Organization (ILO) in 2006 but had not yet entered into force. It was stated that the Maritime Labour Convention had consolidated and updated over 65 international labour standards relating to seafarers. The Convention aimed to protect seafarers by addressing the evolving realities affecting shipping and by setting the minimum requirements for seafarers to work on a ship. Another speaker stressed that the Convention provided an example of a successful tripartite cooperation between the shipping industry, seafarers and their representatives, and governments.

46. While the current state of ratifications was encouraging and efforts were under way in all regions to speed up the ratification process (e.g. technical cooperation activities, seminars etc.), it was very important for countries from all regions – especially key port States and the majority of the world's seafarers' home countries – to ratify the Convention. Effective national implementation was essential in order to ensure that the objectives of the Convention would be achieved. It was expected that the Convention would come into force in 2012.

47. The meeting was briefed about relevant activities that had been carried out by the United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS). More specifically, recent activities with direct implications for LLDCs were highlighted, including in relation to implementation of the Almaty Programme of Action in the areas of transport and trade facilitation. The critical need for further work on issues of concern to LLDCs was emphasized, together with some recommendations on the way forward, including through effective implementation of the Almaty Programme of Action, and a coordinated approach among the United Nations agencies with a view to supporting landlocked and transit-developing countries.

F. The use of ICTs in logistics, trade facilitation and supply-chain security

48. The secretariat gave an introduction on the role that ICTs could play in providing a wide range of solutions and options to address some of the main challenges posed by the converging (but also sometimes conflicting) interests of logistics, trade facilitation and supply-chain security. Experience had shown that the automation and integration of customs procedures at national and regional levels may be crucial to facilitating legitimate trade while ensuring effective security for international supply chains.

49. It was stated that UNCTAD had more than 25 years' experience in this area, notably through its Automated System for Customs Data (ASYCUDA) programme, and that UNCTAD provided assistance to countries in the area of customs reform and modernization by providing highly reliable integrated IT solutions for the automation of customs procedures and operations. As a major actor in over 90 developing countries, LDCs, and countries with economies in transition, ASYCUDA brought tangible benefits both to governments and to the business community, for example by enabling precise monitoring of the revenue collected by customs, by strengthening institutions, by making customs more service-oriented, and by increasing the predictability, efficiency and transparency of customs procedures.

50. National experience had demonstrated that the implementation of modern ICT solutions in the customs sector, in particular through the ASYCUDA programme, could promptly and dramatically improve the efficiency of customs administrations. At the same time, developing countries – particularly LDCs – were continuing to face multiple challenges related to customs automation, notably a lack of financial resources for infrastructure and equipment, insufficient awareness and training, compliance risks, resistance to change etc. In that respect, the continuation of support from international donors was vital for ensuring the success of national efforts in the area of customs modernization.

51. By ensuring the consistent enforcement of legislation at national level, increasing trade facilitation, and helping to “green” administrative processes, the integrated ICT functionalities built in to ASYCUDA allowed for multi-agency interaction, thereby leading to the development of single-window and e-governance systems. Integrating these functionalities at regional and global level could generate more substantial benefits in terms of supply-chain security.

52. The WCO representative advised that WCO was currently promoting important initiatives for the interconnection of customs administrations. She indicated that WCO's Globally Networked Customs aimed at an inclusive, interconnected, real-time, customs-to-customs information-sharing system to support and improve (a) the functioning of the international trading system; (b) national economic performance; (c) the protection of society; and (d) fiscal management. During the session, WCO Customs Data Model version 3 was presented as another modern tool for customs administrations, which integrated harmonized data sets, XML schemas and messages, information and business process models and international code standards, using a full single-window approach.

53. WCO also reported on the development of single-window solutions at border crossings – “intelligent” facilities allowing parties involved in trade and transport to lodge standardized information using a single entry point, to comply with import, export and transit-related regulatory requirements. Such solutions should allow a single point of data submission, with the data transmitted to the appropriate authorities. In order to address the existing challenges, all countries – including LDCs and SIDS – were encouraged to adopt WCO's SAFE Framework of Standards to secure and facilitate global trade, and to implement its principles and standards – in accordance with each country's capacity. It was pointed out that ASYCUDA cooperated with WCO and contributed to developing and implementing compliant systems.

54. Experts agreed that ICTs contributed in a significant way to the implementation of modern risk-management policies and techniques at the national and regional level, and to ensuring a greater fiscal and physical security of the entire supply chain. Well-designed ICT systems provided effective means to identify, assess, analyse, monitor and confront risks affecting border crossing and customs

processes. They could provide significant support to developing countries – particularly SIDS – to address persistent vulnerabilities, including drug trafficking, and supply-side constraints specific to their geographical situation, as was the case, for example, in the Caribbean region.

55. Experts stressed that the provision of an integrated risk-management system that could be used by all control agencies could ease and speed up the overall customs and port clearance process. In addition, it was noted that user countries in West and Central Africa, and also in the Middle East, had developed and were making use of performance indicators derived from system data, both at the operational and the individual level, for business process reengineering and for fighting corruption. In one country, the ASYCUDA system had further enhanced the provision of electronic data exchange and document transfer to and from trade and transport operators while simultaneously assisting the country in improving cooperation among Customs, other government agencies, and business sectors.

56. Experts noted that the implementation of risk management at the regional level would increase regional supply-chain security and facilitate trade, through improved sharing of customs information, customs intelligence and trade statistics. At the same time, experts noted that practical implementation of this idea could face certain difficulties, such as the non-conformity of the customs service's existing IT systems and of national legislation, border security challenges, and a lack of political will.

G. Suggestions for future UNCTAD activities

57. During the debates that took place in the five thematic sessions, experts made several proposals regarding the role that UNCTAD could play in deepening its work in different areas. These suggestions are gathered below under three categories corresponding to UNCTAD's main pillars of work.

Research and analysis

58. Experts considered that further research and analytical work, as well as information-sharing, were important in order to improve understanding of some of the main challenges facing international transportation. This included research on the nexus between energy and transport costs and on the broader economic impact of higher transport costs. More work was needed to better understand the impact of oil prices on freight rates, and to understand the subsequent effects on trade. In this context, it was important to build on existing empirical work. UNCTAD, in cooperation with other relevant partners, could provide a forum and a platform for relevant research and analytical work, and also for information-sharing and for the dissemination of key findings and results.

59. In the context of discussions on sustainability in shipping and on ship-source marine pollution, it was commented that development-oriented agencies, together with IMO and the IOPC Funds, had a role to play in facilitating the widespread ratification and implementation of these instruments in developing countries.

60. The critical need to carry out further work on issues of concern to LLDCs was emphasized, together with some recommendations on the way forward, including through effective implementation of the Almaty Programme of Action and the coordinated approach among the United Nations agencies aimed at supporting landlocked and transit-developing countries.

Consensus-building

61. In the interests of efficient implementation of the single-window concept, UNCTAD should continue to facilitate (a) the dialogue between customs administrations and other government agencies and businesses; and (b) public-private partnerships.

62. Continuation of the constructive cooperation between UNCTAD's ASYCUDA programme, the WCO secretariat and other interested parties should contribute further to the promotion of international standards and best practices in the customs sector, implementation of the Single Window concept, and the development of customs-to-customs information interaction at the bilateral, regional and global level. In particular, experts from ASYCUDA have been invited to participate in the next WCO Globally Networked Customs meeting in February 2011.

63. The sharing of experiences of ASYCUDA implementation by beneficiary countries was helping to increase awareness by UNCTAD member States of the benefits and opportunities of introducing modern ITC tools – particularly risk management – in the customs sector. A systematic approach in collecting and reviewing studies on performance indicators, with a view to harmonizing methodologies to assist and strengthen beneficiary countries' capacity at implementing and monitoring these during the ex-post evaluation period of a project's implementation, would be valuable. Such exercises should be continued, including in interaction with WCO, the World Bank, and other international and regional organizations.

64. With regard to the nexus between energy and transport costs (including the related implications for trade and competitiveness), it was suggested that UNCTAD, in cooperation with other organizations, could play a useful role in fostering relevant debate, discussion and information-sharing, by providing a forum and organizing meetings and events, as deemed appropriate.

Technical assistance and capacity-building

65. The technical assistance provided by UNCTAD via the ASYCUDA projects was highly appreciated by many experts. The exchange of views among participating experts showed that collaborative initiatives could significantly benefit from the use of ICTs. Such a view was also expressed with regard to the implementation of regional transit systems, such as in the Middle East and in Central Africa. These systems provide the opportunity for exchange of data across borders and enhanced security and control, while facilitating legitimate trade.

66. Studies on clearance and release times, carried out in Latin America and the Caribbean through projects funded by the World Bank, assisted customs administrations to measure the average time taken between the arrival of the goods and their release, and, at each procedural step, to identify problems and bottlenecks. Their extended and systematic use would allow the efficiency and effectiveness of specific processes to be improved and monitored, maximizing the use of ICTs in Customs.

67. Appreciation was expressed by participants for several of UNCTAD's recent and ongoing transport and trade facilitation projects supporting national and regional collaborative mechanisms. These projects should be continued. Experts agreed that they would help developing countries to fully benefit from trade facilitation implemented in a coherent manner and in compliance with appropriate existing international standards. The use of international standards would ensure convergence of similar trade facilitation measures applied by different countries.

This was particularly important in the case of harmonization procedures between LLDCs and transit countries.

68. Experts emphasized the importance of human resources capacity-building in port management and development. In that respect, experts commended UNCTAD on its TrainForTrade Port Training Programme, which was a vital tool to address many of the above-mentioned challenges. The programme provides an effective and long-term training of port officials, assists in the establishment of partnerships between ports and port communities, within the various linguistic networks, and allows the sharing of experiences and best practices. Experts suggested that UNCTAD continue to expand the networks of the TrainForTrade Port Training Programme.

69. Some experts also pointed out that, within the national, regional and international context, and in cooperation with relevant international entities, UNCTAD had a role to play in providing technical assistance and capacity-building on issues such as the use of technology in (a) transport and trade; (b) transport infrastructure and network development; and (c) environmentally sustainable transportation systems. One delegate suggested that more workshops be organized on trade and transport, including on dangerous goods, in coordination with other international organizations, and saw a significant role for UNCTAD in that respect.

II. Organizational matters

A. Election of officers

1. At its opening plenary meeting, the multi-year expert meeting elected the following officers:

Chair: Mr. Otto Hans Van Maerssen (United States)

Vice-Chair-cum-Rapporteur: Mr. Ravi Bhattarai (Nepal)

B. Adoption of the agenda and organization of work

2. At its opening plenary, the multi-year expert meeting adopted the provisional agenda for the session (contained in TD/B/C.I/MEM.1/7). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Emerging challenges and recent developments affecting transport and trade facilitation
4. Adoption of the report of the meeting

C. Outcome of the session

3. At its closing plenary meeting, on Friday, 10 December 2010, the multi-year expert meeting agreed that the Chair should summarize the discussions (see chapter I).

D. Adoption of the report

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

Annex

Attendance*

1. Representatives of the following States members of UNCTAD attended the session:

| | |
|----------------------------|------------------------------------|
| Albania | Mali |
| Algeria | Mauritius |
| Angola | Mexico |
| Argentina | Morocco |
| Azerbaijan | Nepal |
| Belgium | Nigeria |
| Bhutan | Pakistan |
| Botswana | Paraguay |
| Brazil | Philippines |
| Cambodia | Russian Federation |
| Cameroon | Rwanda |
| Central African Republic | Saint Lucia |
| Congo | Saudi Arabia |
| Côte d'Ivoire | Senegal |
| Dominican Republic | Switzerland |
| Ethiopia | Syrian Arab Republic |
| Gabon | Trinidad and Tobago |
| Germany | Tunisia |
| Ghana | Turkey |
| Haiti | Uganda |
| Holy See | United Arab Emirates |
| Iran (Islamic Republic of) | United States of America |
| Italy | Venezuela (Bolivarian Republic of) |
| Jordan | Viet Nam |
| Lebanon | Zimbabwe |
| Liberia | |

2. The following observer was represented at the session:

Kosovo

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

Asian Development Bank
 Economic and Monetary Community of Central Africa
 European Union
 Organization of Eastern Caribbean States
 South Centre
 World Customs Organization

4. The following United Nations organizations were represented at the session:

International Trade Centre UNCTAD/WTO
 United Nations Environment Programme

* For the list of participants, see TD/B/C.I/MEM.1/Inf.3.

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

Food and Agriculture Organization of the United Nations
 International Labour Organization
 International Maritime Organization
 World Bank

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

General category
 Ingénieurs du monde

Special category
 International Multimodal Transport Association

7. The following panellists were invited to the expert meeting (listed in order of intervention):

Mr. Ravi **Bhattarai**, Deputy Permanent Representative of Nepal (Trade/WTO), Geneva
 Mr. José Luis **Barettino**, Port Authority of Gijón, Spain
 Mr. Carlos **Enríquez**, Counsellor, Permanent Mission of Mexico to WTO, Geneva
 Mr. Shintaro **Hamanaka**, Economist, Asian Development Bank
 Mr. Ousmane **Mbengue**, Senior Inspector of Special Class Customs, Facilitation and Partnership Director, Senegal
 Mr. Nhong **Mondol**, Acting Chief of Notification Office, Department of Notification and Legal Compliance, Ministry of Commerce, Cambodia
 Mr. Purushottam **Ojha**, Secretary, Ministry of Commerce and Supplies, Nepal
 Mr. R. **Rauniar**, Managing Director, Interstate Multi-Modal Transport Pvt Ltd., Nepal
 Mr. Javad **Gasimov**, First Deputy Chief, Customs Control Organization (Head Office), State Customs Committee, Azerbaijan
 Mr. Lew **Fulton**, Senior Transport Energy Specialist, Division of Energy Technology Policy, International Energy Agency
 Mr. Simon **Baptist**, Engagement Manager, Vivideconomics
 Mr. Andreas **Kopp**, Lead Transport Economist; Energy, Transport and Water Department; World Bank
 Mr. Jerry **Rysanek**, Chair, 1992 IOPC Fund Assembly, and Executive Director, International Marine Policy, Transport Canada
 Mr. Nikos **Mikelis**, Senior Implementation Officer, IMO
 Ms. Cleopatra **Doumbia-Henry**, Director, International Labour Standards Department, ILO
 Ms. Susanne **Aigner**, Deputy Director, Compliance and Facilitation, WCO, Belgium
 Ms. Decontee **King-Sackie**, Commissioner, Bureau of Customs and Excise, Liberia
 Mr. Peter **Terence Leonard**, Director of Trade Facilitation; Ministry of External Affairs, International Trade and Investment; Saint Lucia