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Geneva, 7–9 December 2011

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

Held at the Palais des Nations, Geneva, from 7 to 9 December 2011

I. Chair's summary

1. The fourth session of the Multi-year Expert Meeting on Transport and Trade Facilitation, whose theme was "Challenges and Policy Options for Transport and Trade Facilitation", was convened from 7 to 9 December 2011, 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 the background note prepared by the secretariat (TD/B/C.I/MEM.1/11).
2. The meeting provided a forum to discuss the latest developments and emerging challenges in international transport and trade facilitation. Experts came from trade and transport ministries, customs authorities, the private sector, academia, and international and regional organizations.
3. The meeting was organized around the following sessions:
 - (a) Trade and sustainable transport;
 - (b) Transport efficiency;
 - (c) Customs automation and trade security;
 - (d) Trade facilitation; and
 - (e) The way forward: Policy options for transport and trade facilitation.

A. Opening session

4. In his opening remarks, Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD, stressed that, while high transport and commercial transaction costs were persistent challenges for many developing countries, future transport systems needed to be economically, socially, and environmentally sustainable. A greener economy was becoming a key determinant of trade competitiveness and required collaboration between public and private investment partners – including multilateral ones – to meet the huge financing needs for energy-efficient and sustainable transport systems. The Secretary-General addressed some of the key issues being considered at the meeting, including (a) climate change impacts on international transport infrastructure and services; (b) the growing importance of trade facilitation; and (c) challenges resulting from demanding security rules applied across the international supply chain. In concluding, the Secretary-General made reference to challenges faced by border control agencies as well as the transport industry, which required extensive use of information technologies, and called for broad-based solutions on which UNCTAD was currently working through its Automated SYstem for CUstoms DAta (ASYCUDA) programme.
5. Bearing in mind the upcoming UNCTAD XIII, Ms. Anne Miroux, Director of the Division on Technology and Logistics, recalled the timely opportunity offered by the fourth session of the multi-year expert meeting for the experts to draw from insights gained from the previous three sessions and further examine the persistent and emerging challenges facing transport, customs and trade facilitation, especially in developing regions. Ms. Miroux highlighted that UNCTAD's long-standing and established expertise in the field of trade logistics could help developing countries in (a) better integrating into global trade networks; (b) implementing international transport and trade facilitation agreements; (c) addressing the challenge of high transport costs and understanding their determinants; (d) dealing with climate change impacts on transport infrastructure and services; and (e) implementing technical assistance, including through technology-based

solutions such as the ASYCUDA programme. UNCTAD, through its three pillars of intervention, stood ready to continue its work and help advance sustainable transport and effective trade facilitation objectives of developing countries generally, and land-locked developing countries (LLDCs), in particular.

6. Mr. José María Rubiato, Officer in Charge of the Trade Logistics Branch, introduced the background note prepared by the UNCTAD secretariat and drew attention to some of the key issues covered in the document. Relevant issues highlighted included the persistent and emerging challenges facing international transport and trade facilitation as well as some related policy options on how best to address those challenges.

B. Session I: Trade and sustainable transport

7. In its introductory remarks, the UNCTAD secretariat noted that sustainable transport ranked high on the international policy agenda, reflecting in part a greater recognition of the need for Corporate Social Responsibility (CSR) and, at the same time, recognition of the need for the sustainable use of finite fossil fuel resources, in particular oil, the dominant fuel source propelling transport, which also contributes significantly to global greenhouse gas (GHG) emissions from fuel combustion. Oil prices were expected to remain high in the longer term, as a result of increasing pressures on supply and growing demand, including from larger developing economies. Related implications for transport costs – and, by extension, trade costs – and the need to ensure sustainable resource management, environmental protection, as well as effective climate change mitigation and adaptation action, were all complex but interconnected issues that needed to be addressed in conjunction.

8. The first speaker from the International Chamber of Shipping (ICS), representing the global shipping industry, focused on the topic of “Sustainable Shipping”, highlighting efforts by the industry to implement CSR principles and to promote economically, socially and environmentally sustainable shipping. Stressing the global nature of the shipping industry, ICS noted that an efficient and sustainable shipping industry was crucial for all economies, developed and developing alike. UNCTAD’s annual *Review of Maritime Transport* was commended as a standard reference in respect of developments in maritime transport.

9. A drop in cargo volumes resulting from the latest economic downturn, in tandem with an oversupply of ship carrying capacity, were putting pressure on freight rates. To ensure the economic sustainability of the shipping industry, it was important to (a) consider ways to reduce the volatility of freight rates; (b) make adjustments to shipbuilding policies to better reflect the highly cyclical nature of shipping; (c) promote market access in shipping, including under the World Trade Organization (WTO) framework; and (d) continue to develop international safety and environmental rules and standards so as to promote uniformity of requirements and reduce costs. It was noted that the shipping industry was unique as it promoted social sustainability by its involvement in the development of internationally binding industry-specific labour and employment laws negotiated under the auspices of the International Labour Organization (ILO), regulating inter alia hours of work, health and crew accommodation, contractual arrangements, and minimum wages. In this context, the importance of early entry into force of ILO’s comprehensive Maritime Labour Convention 2006 was highlighted.

10. Regarding environmental sustainability, the shipping industry was strongly supportive of a number of regulatory initiatives under the auspices of the International Maritime Organization (IMO), in some cases with significant financial implications for the industry. These included (a) international legal instruments in the field of ship safety/pollution prevention; (b) liability and compensation for ship-source pollution from oil and other hazardous and noxious substances; (c) requirements for ships’ ballast water

management, Tributyltin (TBT) paints on ship hulls, prevention of air pollution, including from sulfur fuel; (d) ship recycling, as well as GHG emissions reduction. In this context, the adoption, in July 2011, of binding IMO rules setting out technical and operational measures to cut GHG emissions from international shipping was highlighted as a major achievement. These regulations would enter into force in January 2013 and apply to at least 90 per cent of the world's shipping tonnage. As regards slow steaming in shipping, it was noted that appropriate speed management could play an important role in further reducing GHG emissions. As part of the discussions, the ICS representative noted that the shipping industry, in relation to a possible global "Green Fund" for the purposes of climate change adaptation funding, should not be asked to make financial contributions that were grossly disproportionate to the industry's share of contribution to global GHG emissions.

11. The second speaker, from the Joint Transport Research Centre of the Organization for Economic Cooperation (OECD)-International Transport Forum (ITF), focused in his presentation on sustainable transport across modes, with special emphasis on road transport. It was noted that, while transport provided an important contribution to prosperity and societal improvements, it also involved the extensive consumption of finite fossil fuel resources and there was a risk that environmental thresholds could be surpassed. The growing needs of an expanding world population and recent economic trends indicated that trading networks were expected to evolve in the future, with a shift from G-7 countries towards large emerging developing countries and regions. While containerized seaborne trade continued to dominate multimodal/door-to-door transport chains, road, and in some regions rail and barge transport was typically also involved at both ends of the trip.

12. Key challenges associated with sustainable road freight transport included in particular congestion, air pollution, energy use and GHG emissions, as well as road safety. With respect to congestion, it was noted that focus on network management was important, not only for enhanced speed but also – and more importantly – to ensure reliability and predictability of travel times, crucial for the smooth flow of goods across supply chains. In this context, good governance structures – as well as the availability, dissemination and effective use of adequate and reliable data – were crucial. Relevant work and international cooperation in this area – including by IMO, the United Nations Economic Commission for Europe (UNECE), the United National Environment Programme (UNEP), the World Health Organization (WHO) and UNCTAD – were essential. With respect to information and data in the field of maritime transport, the speaker praised UNCTAD's annual *Review of Maritime Transport*, in particular its highly useful data on developments in world seaborne trade.

13. The experience of the Dominican Republic, among the most vulnerable countries to the effects of climate change, was presented by a national expert. The important implications of climate change factors – such as storms and hurricanes and associated threats for coastal areas, tourism, port facilities, seaborne trade, agriculture, health, water resources and forests – were highlighted. Some measures at the national level to address climate change through mitigation and adaptation action in transport, including road and maritime transport, were also presented. In this context, the important need for international cooperation and assistance in addressing the challenge of climate change adaptation in transport was stressed.

14. Discussions during the session also highlighted concerns about increasing levels of maritime piracy around the Horn of Africa, the wider Indian Ocean area as well as the Malacca Straits, and stressed the need for increased efforts at the international level to address this challenge. In response to a question regarding the potential implications of the widening of the Panama Canal, attention was drawn to United States Gulf port area plans to capitalize on the expansion with a view to establishing a trans-shipment hub in the region. Other issues highlighted during the discussion were safety and security

concerns arising from inaccurate documentation relating to the content of containers. In this context, it was noted that the shipping industry was supporting efforts toward the development of internationally mandatory rules to deal with the weight of containers. In respect of capacity-building, attention was drawn to IMO's technical cooperation programme, in particular in the field of training and dissemination of best practices in shipping and maritime administration.

C. Session II: Transport efficiency

15. By way of an introduction, the secretariat highlighted recent improvements in transport efficiency in the areas of shipping, ports and multimodal transport which could help reduce transport costs. Improvements in both physical infrastructure and operational structures were provided, as well as attention drawn to contentious issues such as balancing the needs of both the freight and passenger sectors. The need for an integrated regional approach for countries to access international markets was stressed. The benefits of dry ports in helping small exporters obtain the benefits of cargo consolidation as well as other potential benefits which could materialize through greater connectivity were also illustrated.

16. The case of Dar Es Salaam Port acting both as a major national gateway and regional hub to neighbouring LLDCs was presented. Congestion constituted one of the main challenges facing many ports, caused in particular by insufficient container storage space, long dwell times and poor inland transport, especially railway systems. Other relevant prevailing constraints included inadequate equipment and facilities, high costs of maintenance, the relative competitiveness of road transport, piracy, and inadequate institutional and regulatory framework. To address these problems, ports could upgrade infrastructure (dredging, inland and dry ports), services and management. Implementing inland container depots and adopting automating customs (e.g. using ASYCUDA) as well as implementing certain transit and transport corridors initiatives and relevant trade facilitation measures could also help improve port efficiency. Combining these factors with increased port investment and partnerships involving all stakeholders (both public and private) could further enhance productivity gains.

17. A speaker from a private consulting firm introduced an innovative approach to improving corridor efficiency in areas with abundant natural resources (such as iron and ore). It was shown that economies could capitalize on the increasing demand for basic raw materials if a viable mining logistics solution could be created. Nevertheless, significant proportions of natural resources were not, however, situated near coastal regions and required viable transportation solutions to realize mining opportunities. Significant investments in infrastructure such as rails and ports had been assigned to create the capacity to service the growing demand, but the difficulty with this was that investing in infrastructure was a lengthy process and would entail huge investment. Therefore, making investment sustainable could be achieved through developing efficiency gains for priority corridor commodities. Corridors were inherently complex systems comprising various interdependent stakeholders and involving multiple operators across supply chains with several interfaces, different practices/processes of corridor operators, aging infrastructure, interference with different transport modes, different management skills, etc. Ensuring integration between all key stakeholders was therefore key to building high-performing supply chains and ensuring that the several operational functions for moving the commodities from source to destination was performed in harmony. Moreover, adopting a holistic approach and an operating environment that was conducive to facilitating business between private and public was crucial to encourage and support the facilitation of trade in and across borders.

18. An example of railway transportation in India was presented. To meet the growing demand, a transport strategy that encouraged the integrated development of all modes of transport with a view to “an efficient, sustainable, safe and regionally balanced transportation system” was proposed. However, the country’s present railways systems were not catered to meet the growing freight requirements of the country and rail freight, as a share of all freight traffic, including for bulk traffic (taken over by roads), which had fallen over the last 50 years, due in particular to capacity constraints and the uncertainty of delivery times. The main rail freight traffic was serviced by the “Golden Quadrilateral” – which comprised only 27 per cent of the total rail routes and carried over 50–55 per cent of the country’s rail freight but, like all lines in the country, carried mixed traffic and the concept of schedules and time-tables applied only to passenger trains which were given priority. This added to the problem of congestion of feeder routes that created clogging on main freight rail routes. Therefore, among the strategies that were adopted to increase the share of freight rail was to build the Dedicated Freight Corridor (DFC). The Eastern and Western legs of the Golden Quadrilateral were scheduled for completion by 2016/17 at a cost of approximately \$16 billion, to be funded through a mix of the railway’s budgeted funds, official development assistance, multilateral funding and public–private partnerships (PPPs). The cost of the DFC is expected to be more than offset not just by way of increased revenues and market shares but also via operational efficiencies and reduced environmental impact of increase in freight transport in a growing economy. A study on GHG emissions over the next 30 years focused on scenarios with and without the Eastern and Western legs of the DFC. The key finding was that GHG emissions without DFC would be higher in the future.

19. The PPP model that was being developed was tailored to meet the industry demand and requirements and was not a replication of what was seen in other transport sectors in the country (such as ports, roads and aviation). As railway development was highly capital–intensive, the opportunity for private participation in activities such as in maintenance and repair of rolling stock, rail transport support services (catering, warehouse development, etc.), land development along the corridor (malls, conference centres, stations, etc), logistics park, roads, and non-core activities (schools, training institutes, etc.) through well-designed PPPs would not only improve their efficiency and offer possibilities of revenue-earning opportunities from the same assets, but also help retain focus on the core business of transport.

20. Experts and speakers also looked at some of the major transport problems facing LLDCs when transiting through neighbouring countries. Issues highlighted included (a) restrictive or duplicate documental procedures (e.g. hard copies of online documents or, additional phytosanitary certificates); (b) duplicate fees (e.g. Ports and Container Freight Stations – used to alleviate congestion at ports – both levelling cargo handling charges); (c) insufficient logistical support for security convoys; (d) discrimination in the order of loading trucks; and (e) compulsory installation of costly electronic cargo tracking devices and numerous roadblocks. On the positive side, a number of measures aimed at ameliorating these issues included the establishment of (a) inland container depots; (b) regional organizations (e.g. national and regional shipper’s councils and Transit Corridor Transport Coordinating Authorities); and (c) one–stop boarder posts. Other regional initiatives aimed at linking neighbours together included the harmonization regional procedures (e.g. on axle loads limits) and regional studies (e.g. corridor performance studies and customs clearance times).

D. Session III: Customs automation and trade security

21. The secretariat presented the modern features of latest version of the UNCTAD ASYCUDA Integrated Customs Information System, with the particular focus on implementing of customs-centric Single Window concept and promoting the supply chain

security. It was noted that the ASYCUDA system brought benefits to the governments as well as to the business community, including through its permanent adaptation to the developments in the customs and ICT domains. Responding to the question from the audience, it was indicated that cloud computing was not an alternative to the ASYCUDA system but a development in the IT domain, which was being integrated into the ASYCUDA technologies. The experts underlined the fundamental difference between the governmental cloud computing concept and solutions, developed, administrated and operated by a government entity in line with the highest information security standards, and the cloud computing solutions proposed by the private sector for the general public. The secretariat also highlighted the release of the new “ASYCUDA World Report 2011”.

22. The speaker from the United States Customs and Border Protection (CBP) administration outlined the theory and methodology of risk-management which his administration applies to commercial cargo transactions. The CBP-accumulated best practices had become influential for risk management in customs. The speaker stressed the importance of following the World Customs Organization (WCO) guidelines in analysing risks and determining relevant treatments. He highlighted various methods for customs administrations to cooperate with domestic and international partners through intelligence sharing, the development of joint risk indicators, transactional data sharing and joint, integrated targeting.

23. The Chair of the ICHCA International Security Panel presented ISO 28000 for the management of the supply chain security. The speaker stressed the umbrella design of the standard meant to be compatible with various existing security initiatives, many of which are limited in the scope. ISO 28000 was an internationally accredited security management system to maintain and continually improve the companies’ effectiveness in identifying security risks and mitigating their consequences. The speaker underlined that people, technology and processes were the three cornerstones for a reliable security system.

24. The speaker from Rwanda stressed that the development of Electronic Single Window Systems (e-SWS) was the national priority for his country to bring benefits for the business community, increase customs revenue and improve the country’s competitiveness. The ASYCUDAWorld solution was chosen following a competitive process taking into account the continuity and reliability of UNCTAD assistance, cost and time efficiency, protection of previous investments and other factors, which made UNCTAD the best service provider to implement e-SWS and automate customs.

25. The national experience of Djibouti highlighted the fast implementation of the latest version of the ASYCUDAWorld system, which replaced the MIRSAL system, thanks to tremendous efforts of the national team including ASYCUDA experts. ASYCUDA helped to facilitate international transit operations, in particular with Ethiopia, and addresses security issues, linked to logistical aspects and operations of foreign military units hosted in the country.

26. Afghanistan constituted another success story of the ASYCUDA system. The World Bank–funded project helped to automate fully all customs procedures in line with international standards, to increase revenues and reduce dramatically the customs processing time, and develop efficient transit corridors. The customs automation had become the engine for infrastructural, legislative and regulatory reforms in the country. It helped to address topical security challenges at national and regional level and facilitate logistics of the peacekeeping operations in the country. In the current year, the Afghan Customs Department, with the financial support of the World Bank, had started a highly ambitious project of migration from ASYCUDA++ to ASYCUDAWorld system.

27. Experts noted that implementation of the ASYCUDA system helped to increase significantly customs revenues, which in particular was demonstrated by the national experience of Djibouti, Afghanistan, Liberia and other beneficiary countries. Experts also

appreciated the timely deliberations of panellists and recognized that, for the recent years, UNCTAD ASYCUDA Programme had made significant progress towards the development of a Single Window system, in line with recommendations of the UNECE and best practices in the Customs Sector as recommended by WCO.

28. Experts stressed the need to strengthen the interaction between government agencies and the business community through efficient IT applications in order to facilitate trade and ensure the supply chain security. It was underlined that customs administrations remained the core institutions responsible for trade facilitation and transit monitoring, in respect of international standards and best practices, and therefore the customs-centred Single Window model should become applicable in many countries, including in ASYCUDA-users.

29. The experience of ASYCUDA-user countries demonstrated that governments' political will was the key success factor for implementing effectively Single Window systems. Consequently, the customs automation could become a driving force of this process. Experts noted that ASYCUDA provided efficient tools allowing the interconnection between customs and other government agencies, even non-automated ones. In such a context, participants noted the technological and institutional challenges associated with the use of electronic signature. While technological solutions had already been developed, including in the ASYCUDA system, the institutional challenges, such as adopting a relevant legislation, still needed to be addressed in many countries. In such a context, the importance of sharing the experience of ASYCUDA user countries in future UNCTAD expert meetings was highlighted.

E. Session IV: Trade facilitation

30. Session IV of the multi-year expert meeting – “Linking multilateral, regional and national trade facilitation initiatives” – started with a brief introduction by the UNCTAD secretariat of the key issues up for discussion, namely some recent trends in national trade facilitation reforms, the increased focus on regional trade facilitation solutions, and ensuring the alignment of national and regional initiatives with future commitments under a WTO Trade Facilitation agreement.

31. The secretariat stressed the important role to be played by national collaborative platforms, such as national trade facilitation committees, working groups or task forces. The establishment and sustained maintenance of such committees was not only important for the alignment of multilateral, regional and national trade facilitation initiatives, but it would in fact be a requirement under a future WTO agreement on Trade Facilitation. UNCTAD was committed to supporting national trade facilitation working groups or committees under its Trade Facilitation Programme, either through the dissemination of research and analysis, support to consensus-building or technical assistance. The secretariat noted that, while total financing of technical assistance for trade facilitation had increased in the previous decade, it remained low as a proportion of total aid for trade, and was much less in least developed countries (LDCs) than in non-LDC developing countries. This was an important point to keep in mind as the international community moved forward with its work in trade facilitation. It could require proactive initiatives to ensure that LDCs were not left out of investments in trade facilitation reforms.

32. Sweden, as one of the main donors to UNCTAD's Trade Facilitation Programme, and an early implementer and proponent of trade facilitation reform, presented the case for implementation of trade facilitation and an early conclusion of the WTO Agreement on Trade Facilitation. For Sweden, an economy highly dependent on trade, trade facilitation was crucial for its growth, employment and socio-economic prosperity.

33. Several speakers provided examples and evidence that trade facilitation was fundamental to genuinely advancing developing countries' trade integration, eliminating unnecessary controls, reducing costs, increasing efficiency and freeing up resources. In return for a commitment by developing countries, the last of these would be provided with the technical assistance needed to reform their customs and border procedures. Technical assistance for trade facilitation was a priority for donors and funds had been mobilized. Participants also expressed the view that trade facilitation was a multiple win and a WTO agreement in 2012 would be as well. Developing countries stood to gain the most. It was noted that many countries were aware of the benefits of trade facilitation reform and that the negotiations at the WTO on trade facilitation had advanced the most out of all the areas currently under negotiation. However, one of the main obstacles to the adoption of a WTO Trade Facilitation Agreement was that, up until the current time, it had been linked with negotiations of other issues on the Doha Development Agenda.

34. The presenter from Uganda acknowledged the increasing importance of trade facilitation at the national and also at the regional and multilateral levels. The scope of trade facilitation implementation was said to depend on the economic development of the country, its geographical position and the overall development objectives. Trade facilitation was a priority for Uganda and the country was currently negotiating trade facilitation initiatives under the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), and under the tripartite agreement (EAC–COMESA–Southern African Development Community (SADC)). The measures being discussed were similar to those raised at WTO. Uganda had a national trade facilitation committee working on trade facilitation reform, which had so far focused mostly on WTO issues. The next steps according to the presenter were to update the country's trade facilitation needs and priorities, and to develop the national implementation plan, including time lines and required resources. Uganda welcomed the support of UNCTAD in helping the country to develop a trade facilitation implementation plan, aligned nationally, regionally and multilaterally, and to build the capacity of its National Trade Facilitation Committee.

35. The importance of identifying relevant stakeholders, including critical members of the business community, and involving them in the trade facilitation reform process, was highlighted by the experts. Sometimes, the business community was not sufficiently involved or consulted in decision-making and negotiations, which could lead to suboptimal outcomes in terms of trade facilitation. Delegates highlighted that having the right platforms at national and regional levels, with the right stakeholders, was key to ensuring that trade facilitation reforms effectively reduced costs and improved efficiency in the long term. Stakeholder consultations were also considered important for greater coordination across countries, and the promotion and dissemination of best practices.

36. Chile presented the evolution of its strategy on trade facilitation, of which some of the main elements were an open economy, transparency and recognition of its dependence on international trade. As trade amounted to about 80 per cent of the country's gross domestic product, there was consensus amongst policymakers on having an open trade policy. Chile engaged in trade facilitation issues multilaterally at the WTO, as well as bilaterally and regionally (through the 21 trade agreements with 57 partners). Several bilateral agreements had specific chapters dealing with trade facilitation issues. The country's strategy had evolved greatly from the 1960s, 1970s and 1980s, when most regional and bilateral agreements were limited to market access benefits.

37. At the national level, customs efficiency and transparency had been a priority for Chile. Several important decisions were taken since 2007 towards further simplification of trade procedures and modernization of customs. Reforms undertaken had included publication of regulations, custom regulation updates, pre-arrival processing, advance ruling requirements and customs tribunals. Chile was also actively working towards the reduction of time, cost and uncertainty and promoting paperless trading, improvements in

transport infrastructure and logistics services, and various harmonization and standardization efforts.

38. It was estimated that trade had multiplied by 50 in the previous three decades. The reforms had been in line with WTO negotiations and impact had been through the traders and ensuring that the latter had the certainty and favourable environment to trade in.

39. Three countries shared their national experiences in the area of trade facilitation: the Sudan, Nepal and Rwanda. In the Sudan, removing obstacles and non-tariff barriers to trade, and clarifying and simplifying trade procedures in accordance with regional and international agreements, were national priorities. Transport and trade facilitation was a frequent and dominant issue addressed at national workshops and seminars on economic development and foreign trade. As a result, the National Trade Facilitation Working Group was formed, according to UNCTAD's Trade Facilitation Handbook. The group had since made several recommendations to the Government. It led the formation of the Sudan's views regarding trade facilitation and the identification of its trade facilitation priorities and needs. It had also enabled further cooperation and coordination among institutions dealing with trade facilitation, as the country's capacity increased in the area and more knowledge was acquired, for example, on the measures tabled at WTO. As a result, the Sudan was able to more actively participate in the negotiations of trade facilitation at WTO. So far, the country had introduced a risk management system and updated its legislation on customs.

40. However, obstacles and challenges to trade facilitation implementation remained, especially with respect to the lack of financial resources, insufficient access to technical assistance, limited knowledge of good practices in the field of trade facilitation, and the need to coordinate economic policies so as to effectively facilitate trade. For the future, the Sudan had prioritized further development of its national trade facilitation implementation plan and action matrix, the identification of the right stakeholders and institutions for participation in the reform process, and technical studies to determine the path to single-window implementation (amongst others). It had secured technical assistance in the areas of risk management, joint border customs station, border guards system, and development of a Customs Training Institute.

41. As a landlocked, small economy, Nepal stressed that its growth depended on its ability to integrate into the world economy. Among the main challenges in integration were the lack of good physical infrastructure – highways, roads and railways. Additionally, transit routes were limited and border crossings could be lengthy because of inadequate infrastructure and regulations, the lack of transparency, corruption, complicated and non-standardized procedures for customs clearances and inspections and insufficient access to information on trade and customs laws, regulations and procedures. There was also a lack of coordination and harmonization of procedures with stakeholders at the national and regional levels. Nationally, the country had undertaken various initiatives to develop the national trade policy and strategy. Nepal currently had bilateral transit agreements with India and Bangladesh. As a member of the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the country had committed itself to the implementation of various trade facilitation reforms. The delegate from Nepal noted the country's commitment to having a liberal trade policy and facilitating trade and integration into the world economy. It was prioritizing ICTs as a means to bringing greater efficiency in trade and logistics. It recognized that there was still much to be done in terms of trade facilitation reform and noted the need for future investment in institutional and human capacity. In that respect, Nepal welcomed the support of UNCTAD and other donors in assisting in future trade facilitation initiatives.

42. Rwanda also shared its experience of trade facilitation reform for a landlocked country. It noted that the government had given a high priority to trade facilitation and the

ease of doing business. In the current year, Rwanda ranked 3rd in Africa and 45th worldwide (of 183 countries assessed) in the World Bank's Doing Business Index. However, the country was still lagging behind on the cross-border element. Challenges for Rwanda were not limited to the country itself, but also included the conditions along the transit corridors through neighbouring countries. Here, challenges included issues such as multiple transit bonds used, uncoordinated procedures and interventions and over 40 weighbridges along transit corridors, the need for police escort (often delaying transit cargo by 35 days and costing around \$3,275 per container), informal fees and charges (about \$880 on both corridors), and regular breakdowns of customs electronic business systems. That led to many delays and significantly increased transport costs. It was estimated that, for Rwanda, transit costs amounted to as much as 50–70 per cent of the CIF value of imported goods.

43. For Rwanda, trade facilitation offered a win-win situation and the country pursued trade facilitation reforms despite the slow pace of negotiations at WTO. National priorities focused on high-level coordination between different government agencies, having a private sector driven economy, ICT solutions, the simplification of border procedures, and efficient use of resources. The delegate noted that focused National Trade Facilitation Committees were a key factor in making trade facilitation reform possible. Rwanda had been engaging regionally with neighbouring countries and would continue to work on the interconnectivity and harmonization of payments systems, ports charges, quality inspection fees, consular fees, and IT systems compatibility and reliability to ensure alignment of national priorities with regional and multilateral initiatives. Rwanda welcomed UNCTAD assistance in pursuing its trade facilitation reforms.

44. One expert from East Africa highlighted that under the COMESA treaty, the East African countries were currently implementing a Regional Customs Transit Guarantee (RCTG). This would work as a single bond within COMESA and would eventually lead to the elimination of multiple transit bonds in the region.

F. Session V: The way forward: Policy options for transport and trade facilitation

45. In its introductory remarks, the secretariat recalled the Secretary-General's opening words on the need to look for economically, socially and environmentally sustainable transport and trade support systems. The secretariat summarized briefly the issues presented and discussed over previous days and reiterated that the meeting provided a useful opportunity to reflect on UNCTAD's future work on the key issues raised. UNCTAD stood ready to continue help developing countries achieve their sustainable transport and trade facilitation objectives. The secretariat invited all participants to share their views and insights with respect to all issues relevant to the debate including in respect of future work and areas of priorities.

46. The speaker from the United Nations Department of Economic and Social Affairs (DESA) presented global trends leading to the need for the implementation of transport policies that fostered a sustainable and efficient transport network development. Those trends included the projected levelling of population growth this century accompanied by economic and social convergence, an ongoing urbanization in developing countries and an increase of global trade, all implying a growing demand for transport services. Appropriate transport solutions to face the challenge should take into account that a 50 per cent cut of CO₂ emissions until 2050 needed to be accomplished to limit the global temperature increase to 2°C. An encouraging sign was that reducing transport-related CO₂ emissions did not necessarily contradict with economic development. By way of example, many cities in developed regions reached a comparably low transport-related per capita energy consumption level. In addition, economic development in a country was not

necessarily linked to the per capita passenger kilometres' use of transport services. Three general transport related measures were proposed to accomplish a sustainable reduction of transport related CO₂ emissions: (a) avoidance of unnecessary travel, which also included the optimization of regional and global supply chains; (b) a shift from less to more efficient modes of transport (for instance, road to rail); (c) reducing the emissions intensity of each transport mode.

47. The speaker from the Ministry of Rural Development of the Government of India addressed an innovative approach to reinforcing logistics infrastructure through the building of Micro-Logistics Local Networks (MLLNs). Logistical infrastructures played a crucial role in the development of trade and economic growth of a country. However, for a greater impact in unlocking economic values in developing countries, where trade was largely dependent on primary products, there was a need to move from the concept of connectivity to development of MLLNs to integrate the production site to national regional and international markets. MLLNs could be developed through PPPs' models because of higher commercial viability of bundled projects, which could be executed through a consortium of private partners bringing into the implementing Special Purpose Vehicles (SPV). The Indian experience was further developed to show the model that was developed to promote MLLN and PPPs. In conclusion, UNCTAD was urged to deepen the knowledge base in these two critical areas in transport and logistics and engage developing countries in a meaningful dialogue.

48. The speaker from the World Bank highlighted some considerations in relation to the changing perspective of transport worldwide, trade, sustainability and the central role of transport in achieving overall development goals. The five pillars of the strategic priorities of the World Bank were presented. These included the need to (a) overcome barriers to and sustain growth in the poorest countries; (b) advance the development in supra-national regions of the world; (c) enhance competitiveness; (d) provide regional and global public goods; and (e) address special challenges of fragile States. Against this background, in 2008, the World Bank released strategic directions in the "Transport Business Transport Strategy for 2008-2012", "safe, clear and affordable...Transport for Development" which took into account the above five pillars. The strategy reflected a move from a mere engineering domination to a wider socio-economic approach that reflected wider benefits of transport and took account of external costs, particularly those affecting the poor. The new strategic directions pointed to a number of conclusions, namely, the need for the World Bank to (a) deepen engagement in the roads and highways sectors; (b) increase engagement in the urban transport sector; (c) broaden engagement in transport for international trade; and (d) contain emissions from transport to reduce external costs. With growing concerns about climate change impacts, it was important to also consider time and reliability costs. Trends in goods production increased the importance of speed and reliability of transport. Both were threatened by the increasing frequency and severity of extreme weather events. Adaptation had to pre-empt those time and reliability costs for transport to serve as an engine for trade and development.

49. Overall, discussions following the presentation by the World Bank highlighted the strong nexus between energy, climate change and transport costs, and pointed to the related implications for international trade and development. Some of those issues had already been addressed by the UNCTAD secretariat as part of its recent work in the field.

50. As part of the discussion, it was stressed that the World Bank had engaged in regional agreements on transport, in particular covering the railways sectors in Africa and Central Asia. Regarding work conducted in the field of climate change impacts on transport costs, especially with the perspective of landlocked developing countries (LLDCs) in mind, the World Bank had conducted a number of studies, including in Ethiopia and Mozambique. As far as what could be a potential incentive for LLDCs to embark on a "green transport policies" path, one factor highlighted as important was the prospect of being able to build transport infrastructures that favoured low-emission modes

to develop future comparative advantages in terms of transport costs in view of projected rise in oil and carbon prices. To the question of the viability and merit for a transit country to invest in railways, it was noted that, while local conditions differed, a rule of thumb for the World Bank was that rail transport provided a good economic opportunity and a competitive mode of transport whenever long distances were involved. Cooperation between countries including transit/coastal and landlocked countries held a high potential for surpluses which, if distributed in a fair manner, could bring benefits to all. The World Bank remained committed to support countries in their efforts to develop their transport policies and systems, including their national master plans.

51. In the discussions, dealing with all subjects addressed during the meeting, experts highlighted that trade facilitation policies and the use of automated systems such as ASYCUDA, as well as implementing risk management techniques and ensuring the interoperability of IT solutions, were all important measures to improve the efficiency and reliability of global supply chains. This could only be reached through and intensification of national, regional and global cooperation between customs offices, other related national administrative bodies and relevant international organizations. The successful implementation of efficient customs systems could only be achieved if an adequate telecommunications infrastructure existed. It was recommended to focus on this and other preconditions enabling the use of state-of-the-art technologies.

52. Experts also gave consideration to the important role regional transport and trade facilitation agreements played in connecting national transport networks. Best-practice examples for these types of agreements needed to be provided to the international community that countries could learn from existing experiences. When designing regional transport agreements, the crucial role of the railway sector should be considered. The development of cross-national rail networks heavily depended on the arrangement made at the political level. This included decisions related to railway financing, technical harmonization and border controls. All agencies concerned should broaden their perspective with regard to the interoperability for the interactions among them with a view to facilitate transport, notably international rail operations.

53. It was felt that emphasis should also be put on how best to link sustainable transport and new financing mechanisms that promoted sustainability principles, including, for example, climate finance. International organizations, including UNCTAD, should coordinate their efforts and consider the development of possible models to link trade, transport facilitation and transport infrastructure projects to donors and investment banks, with harmonized approach at the national and regional levels.

54. One delegation put forward a number of general recommendations: (a) encourage the national and foreign private sectors to invest in the transport sector to serve regional and global trade; (b) carry out a study for the application of the logistic system; (c) follow the international railway safety standards and regulations; (d) seek funding from international and regional organizations for the transport sector through various forms of financing, including domestic and foreign; (e) provide technical assistance for the modernization and strengthening of infrastructure and supporting services in sea ports; (f) attract strategic partners to promote national Shipping Lines; (g) support and finance the rehabilitation of the river navigation route and increase its safety; (h) provide funding for domestic and air transport services; (i) provide technical support for training, rehabilitation and capacity-building in the field of transport; (j) support regional transport projects to serve the global and regional trade; and (k) seek funding for the study of national Transport Master Plans.

55. Moreover, one delegation expressed interest to work with UNCTAD in the field of PPPs as they related to focusing on railway and waterway transport development, as well as in the field of sustainable financing, with a view to environmentally sustainable transport. Another delegation stressed the need for more coordination when financing and

developing regional transport infrastructure. Cooperation between countries along transport corridors was needed when building holistic transport networks. Finally, assistance was requested from UNCTAD in the field of infrastructure development in landlocked countries, emphasizing also the need for more transport connectivity to neighbouring countries.

56. The delegation from Paraguay, Chair of the Landlocked Developing Countries group in Geneva, highlighted the important work achieved through the different sessions of the Multi-year Expert Meeting on Transport and Trade Facilitation and called for the continuation of UNCTAD's activities in these fields, in the traditional UNCTAD mandate as well as relating to the need for UNCTAD to deal with emerging issues which may affect LLDCs, including sustainable transport development, impacts of climate change on transport and transport costs and the need to address trade security issues through sophisticated information technologies.

II. Organizational matters

A. Election of officers

57. At its opening plenary session, on Wednesday, 7 December 2011, the multi-year expert meeting elected the following officers:

Chair: Ms. Fatima Al Ghazali (Oman)

Vice-Chair-cum-Rapporteur: Ms. Martha Moreno (Paraguay)

B. Adoption of the agenda and organization of work

58. Also at its opening plenary session, the multi-year expert meeting adopted the provisional agenda for the session (contained in TD/B/C.I/MEM.1/10). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Challenges and policy options for transport and trade facilitation
4. Report of the meeting

C. Outcome of the session

59. At its closing plenary meeting, on Friday, 9 December 2011, the multi-year expert meeting agreed that the Chair should summarize the discussions (see chapter I).

D. Adoption of the report

60. 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:

Afghanistan	Kyrgyzstan
Algeria	Lao People's Democratic Republic
Angola	Lesotho
Bahrain	Liberia
Belarus	Malawi
Benin	Malaysia
Botswana	Mali
Cameroon	Mexico
Cape Verde	Namibia
Chile	Nepal
Costa Rica	Netherlands
Croatia	Nigeria
Democratic Republic of the Congo	Oman
Djibouti	Paraguay
Dominican Republic	Qatar
Ethiopia	Russian Federation
France	Rwanda
Gabon	Saudi Arabia
Germany	Spain
Guinea-Bissau	Sri Lanka
Haiti	Sudan
India	Sweden
Iran (Islamic Republic of)	Uganda
Iraq	United Kingdom of Great Britain and Northern Ireland
Jordan	United States of America
Kazakhstan	Zimbabwe

2. The following observer was represented at the session:

Kosovo (United Nations Administrative Region, Security Council resolution 1244 (1999))

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

African, Caribbean and Pacific Group of States
Asian Development Bank
Cooperation Council for the Arab States of the Gulf
European Union
Intergovernmental Organization for International Carriage by Rail
Organization for Economic Cooperation and Development

* For the list of participants, see TD/B/C.I/MEM.1/Inf.4.

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

Department of Economic and Social Affairs
Economic Commission for Europe
Economic Community of West African States
International Trade Centre UNCTAD/WTO

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

Food and Agriculture Organization of the United Nations
World Bank
World Trade Organization

6. The following non-governmental organization was represented at the session:

Al-Hakim Foundation

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

Mr. Simon **Bennett**, Director External Relations, International Chamber of Shipping
Mr. Philippe **Crist**, Administrator and Senior Researcher, OECD – International Transport Forum (ITF) Joint Transport Centre
Sr. Oliver Alexander **D'Oleo Seiffe**, Lawyer, General Customs Direction, Dominican Republic
Mr. Solomon **Kasa**, Secretary General, Tanzania Freight Forwarders Association
Mr. Yashwin **Bhoola**, Associate Partner, Letsema, South Africa
Ms. Sharmila **Chavaly**, Executive Director, Railway Board, Government of India
Ms. Elizabeth **Tamale**, Assistant Commissioner, Ministry of Trade, Industry and Cooperatives, Uganda
Mr. David **King**, Analyst, Cargo Targeting, Office of Intelligence and Investigative Liaison, United States Customs and Border Protection
Ms. Carina **Dixon**, Consultant, Newmarket Partners Limited
Mr. Sam **Toyota**, Director of Information Systems and Technology, Rwanda Revenue Authority
M. Idris Elmi **Doubed**, Assistant du Directeur des douanes, Direction des Douanes et des droits directs, Djibouti
Mr. Mohammad **Malyar Jabarkhel**, ASYCUDA Project Manager, IT Director, Customs Department, Ministry of Finance, Afghanistan
Mr. Joakim **Reiter**, Ambassador, Permanent Representative of Sweden to WTO
Mr. Mario **Matus**, Ambassador, Permanent Representative of Chile to WTO
Ms. Amani **Musaad**, Head of WTO Unit, Focal point in Trade Facilitation, Ministry of Foreign Trade, Sudan
Mr. Binod **Prasad Acharya**, Under Secretary, International Trade Division of Commerce and Supplies, Nepal
Mr. Zephania **Muhigi**, Head of Customs Field Operations Division, Customs Services Department, Rwanda Revenue Authority
Mr. Thomas **Hamlin**, Technical Adviser on Energy, Transport and Climate Change, Division for Sustainable Development, United Nations Department of Economic and Social Affairs

Mr. Arvind **Mayaram**, IAS Additional Secretary and Financial Advisor,
Ministry of Rural Development, Government of India
Mr. Andreas **Kopp**, Lead Transport Economist, Transport, Water and
Information and Communication Technology Department, the World Bank
Group
