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**Trade and Transport Facilitation:
Building a Secure and Efficient Environment for Trade**

Issues Note

Executive summary

Trade and transport facilitation is increasingly relevant for developing countries that need access to fast, reliable and frequent transport services to serve their foreign trade while, at the same time, seeking to comply with new and more stringent security requirements.

This note analyses recent developments in trade and international transport and their role in globalization and the development process. The environment within which trade takes place has changed as a consequence of terrorist threats and ensuing security measures. The document presents some of the new requirements that shippers and transport service providers must adhere to.

Developing countries, in particular landlocked and least developed countries, are confronted with severe difficulties in ensuring the changeover to a secure and efficient trade environment. The international community needs to join efforts to facilitate this process. The Global Facilitation Partnership for Transportation and Trade (GFPTT) provides a multilateral platform for contributing to a more efficient environment for international trade and transport for the benefit of Governments, traders, transport service providers and other stakeholders from developing countries.

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Introduction

1. Patterns of provision and management of trade logistics services evolved fundamentally in the 1990s. Two major trends appeared: on the one hand, global trade induced the development of global transport systems with global service providers operating global routes; on the other hand, the merging of manufacturing and distribution activities and the growing geographical fragmentation of global production processes led to the development of supply chains servicing door-to-door transport solutions. For many developing countries, these trends pose a major challenge: to ensure that their own trade supply capacity can take advantage of global transport systems available to their competitors. In practice, this means Governments have to adopt policy reforms that will allow their national and regional transport systems to keep efficient operative linkages to global trade logistics systems. At the same time, Governments need to take into account the obligation to comply with new and more stringent security requirements, whose implementation poses particular challenges for developing countries.
2. This document looks at recent developments in international trade and transport, as well as at new requirements related to security and trade efficiency. It discusses how trade and transport facilitation measures can help achieve compliance with new security measures while at the same time assisting developing countries and their participation in global trade and production processes. Finally, it introduces the Global Facilitation Partnership for Transportation and Trade as a multilateral platform to contribute to a more efficient and secure environment for international trade and transport.
3. The document has been prepared as an Issues Note to support the UNCTAD XI Round Table on “Trade and Transport Facilitation: Building a Secure and Efficient Environment for Trade”.

International trade and its transport

4. A country’s effective export competitiveness is determined by its productive capacities as well as its ability to bring goods to foreign markets at the lowest possible cost and under conditions required by importers and consumers. The latter factors constitute major elements of supply capacity and are largely determined by the availability, quality and cost of transport and logistics services. The international transport costs of developing countries’ exports are on average two to three times as high as the level of import customs duties in the destination countries and, consequently, constitute the major effective barrier to market access.

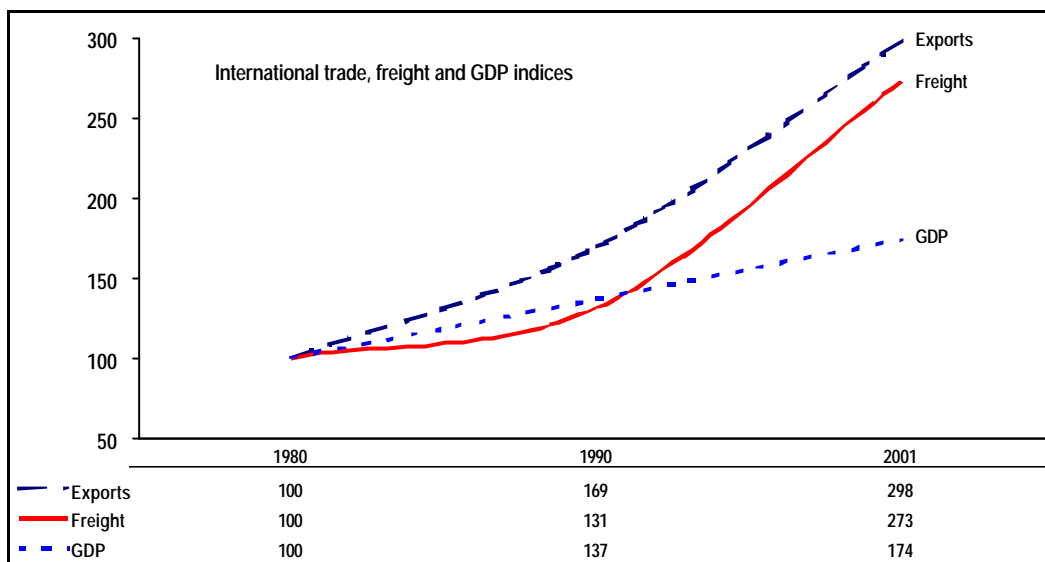
Global trade and production

5. The growth in transport and logistics services needs to be seen as part of the global production system, as trade increasingly involves semi-finished goods, rather than raw materials or finished merchandise. Intra-company trade today accounts for about one third of global trade. Trade in unfinished goods is closely related to foreign direct investment (FDI) and relies particularly on efficient international logistics services.

6. Over the last two decades, world trade has grown more than twice as fast as world gross domestic product (GDP) (see Figure 1). During the 1990s, this trade growth coincided with even faster growth in expenditure on international transport. While exports increased by about 75 per cent, real expenditure on international transport more than doubled. The primary reason for this is greater demand for just-in-time (JIT) deliveries, which has increased the share of air transportation, as well as more frequent, more secure and more reliable multimodal door-to-door transport services.

Furthermore, the proportion of overall logistics expenditure spent on transport has increased in recent years, whereas that of warehousing and inventory financing has decreased.

Figure 1. World growth of GDP, trade, and expenditure on international transport



Note: Freight stands for expenditure on international transport, including air, maritime and other modes.

Source: Chart compiled by UNCTAD based on WTO and UNCTAD data.

7. At the same time, the foreign trade structure of developing countries has changed as a result of diversification policies. These countries increasingly export manufactured semi-finished and finished goods. While in 1981 only 22 per cent of exports from low-income developing countries were manufactured goods, this share had increased to 80 per cent by 2001. These changing trade patterns also require changes in the type and quality of transport and logistics services and infrastructure, and they increase dependence on effective trade and transport facilitation policies.

8. In spite of the overall positive trend, major differences remain between different developing countries and regions. While some South-East Asian economies and China are now generating strong surpluses in containerized maritime trade, some other countries still find themselves excluded from many opportunities to attract FDI and to produce and export manufactured goods. This is particularly true of many landlocked countries, as well as least developed countries (LDCs), which lack the conditions to attract or provide the transport and logistics services that are necessary for today's trade environment. The following section will look at these conditions.

Transport developments

Containerization and multimodal transport

9. Containerization was first introduced in international trade in the 1960s. In many developing countries, containerization was initially not considered suitable for their particular situation because it required high capital investment and reduced the demand for labour. Today, it is generally recognized that the technologies used in one part of a global network cannot be different from those used in another. The choice of technology has to take into account the total system's costs, and, in order to

connect to a network, users and providers have no choice but to adapt to the prevailing standards and technologies.

10. Containerization has clearly emerged as the technological concept governing the transport of trade in manufactured goods. The major – yet still increasing – proportion of international trade is containerized, irrespective of the mode of transport used. The growth of containerization has resulted in changes in transport patterns and practices. Goods are increasingly carried from door to door, using two or more modes of transport. Multimodal transport, under one contract, with one party being responsible throughout the entire transport operation, would significantly facilitate trade and would improve the situation for traders, especially in landlocked developing countries.

11. Many developing countries, however, do not benefit from the advantages provided by multimodal transport. Owing to the high risk associated with the land leg of transport and the absence of an appropriate legal framework in relation to such transportation, international carriers often do not offer one contract to cover the entire transport operation from origin to destination, with the carrier taking responsibility throughout. Other major obstacles to containerization and multimodal transport in many developing countries include physical inspections of cargo by customs or other authorities, which require additional unstuffing and stuffing of containers in the port or at the border crossing. Imbalances in containerized trade, poor road infrastructure, lengthy border procedures, inadequate customs treatment of the container itself, and the insecurity involved in moving containers overland all add to the costs and risk associated with the land leg of multimodal transport.

Information and communication technologies

12. The recent introduction of information and communication technologies (ICT) into transport and logistics services is comparable to the introduction of containerization in previous decades. The digitization of trade and transport information tends to be more advanced in developed than in developing countries. ICT require investment in hardware and software as well as capacity development. Even though costly, such investment is a precondition for transport and logistics service providers to be connected to global networks and remain competitive in today's trade environment.

13. The use of the Internet has been at the source of new developments enabling shippers to plan most, if not all, of their transport processes online. Internet access is thus a basic prerequisite for developing countries' traders to improve their market position. This is being achieved through improved information flows and consequent market transparency, including Web portals for the purchase of transport services. Transport communities, in particular port communities, will benefit further from the Internet by creating common portals that address the information requirements of the major players in the transport community.

14. The creation of portals and their connection to global transport and communication networks poses significant challenges for developing countries. In particular, three key conditions need to be met for the successful introduction of a transport community information portal. First, systems need to be tailor-made and adapted to specific local requirements. Second, all relevant players need to be involved and to consider the portal as their own, including shippers, service providers and public authorities (including customs administrations, which are particularly crucial to a portal's success). Third, the use of digital information often requires changes in the national legal framework.

The legal framework

15. Building an efficient and secure environment for trade and transport requires the existence of an appropriate and supportive legal environment. A legal framework that reflects technological

developments and commercial practices and succeeds in creating certainty and predictability is a vital component of effective trade and transport facilitation. In contrast, an outdated, complex and fragmented legal framework creates uncertainty and increases transaction costs, as it leads to costly litigation and increased insurance costs.

16. The current international legal framework does not reflect technological developments or changing commercial practices. Despite the rapid growth of containerization and multimodal transport, no international uniform regime governing liability for such transportation is in force.¹ The present regime consists of a complex mix of international conventions designed to regulate unimodal carriage (sea, road, rail and air), diverse and often conflicting regional, subregional and national laws and regulations, and standard-term contracts.² Against this background, a number of international organizations have begun work to seek an acceptable solution. A United Nations Commission on International Trade Law (UNCITRAL) Working Group recently began consideration of a “Draft Instrument on Transport Law” to apply to all multimodal transport involving a sea leg. The subject is clearly of utmost importance and requires attention by all entities, be they public- or private-sector, interested in facilitating global trade. It is also important that developing countries participate in the deliberations in order to ensure that their interests are taken into account.

17. Similarly, the use of electronic means of communication in international trade and transport requires a favourable legal environment. Requirements under some national laws for an original paper document or a handwritten signature constitute an obstacle to the use of ICT in international trade. While the UNCITRAL Model Laws on Electronic Commerce (1996) and on Electronic Signatures (2001) provide guidelines for national Governments in creating an enabling and secure legal environment for e-commerce in general, the transport sector still faces the major challenge of replacing the negotiable bill of lading with an electronic alternative.³

Developing countries as users and suppliers of transport services

18. Connection to global transport and logistics networks is a precondition for the participation of developing countries in global trade and production. At the same time, low trade volumes will discourage such connectivity, as suppliers of transport services will not find it commercially attractive to provide an adequate frequency and quality of service, nor will countries be able to develop or modernize the necessary infrastructure. Many LDCs currently find themselves trapped in a vicious cycle where low trade volumes lead to insufficient transport services and vice versa. This is particularly true for landlocked countries. Similarly, the development of South-South trade is hampered by the lack or inadequate quality of direct transport services between developing countries.

19. For trade routes where small volumes do not commercially justify the supply of sufficiently frequent and cost-effective transport services, public-sector intervention may become necessary, just as basic transport infrastructure investments often require public financing. To connect remote regions, islands or landlocked countries to global networks may require public investment in infrastructure or subsidies to transport service providers. Experience has shown that initially subsidized or otherwise supported transport services can jump-start trade and thus increase demand

¹ The United Nations Convention on International Multimodal Transport (1980) has not been ratified by enough countries to enter into force. The UNCTAD/ICC Rules for Multimodal Transport Documents (1992) are of a contractual nature and are therefore not a suitable means of achieving international uniformity.

² For detailed information, see the UNCTAD secretariat report “Implementation of Multimodal Transport Rules” (UNCTAD/SDTE/TLB/2 and Add.1), available at www.unctad.org.

³ For more information, see the UNCTAD secretariat report “The Use of Transport Documents in International Trade” (UNCTAD/SDTE/TLB/2003/3), available at www.unctad.org.

for future transport services, which can consequently become commercially attractive for the private sector.

20. It is important for developing countries' traders to have access to adequate international transport services, irrespective of the nationality of the service provider. At the same time, however, developing countries' participation in the provision of international transport services is an integral part of their endeavours to broaden the economic base and create or maintain transport capabilities as a prerequisite for the development of economic linkages. A shipper or international operator may discover several advantages in cooperating with local service providers. These include a better understanding of local culture and environment, an established relationship with official bodies and trade and transport organizations, better flexibility and adaptability regarding local conditions, availability of an existing transport fleet, and language skills. To maintain these potential benefits, Governments should adopt regulatory and promotional policies aimed at establishing new national service providers and strengthening existing ones.

21. International transport and logistics companies are providing global services, and to do this they purchase components, such as vessels, technologies, crewing, containers, and management expertise, on a global scale. The growing markets for transport services and their components have also provided opportunities for developing countries. Asian countries in particular have, in recent years, increased their market share in several sectors, particularly maritime transport. Asian transport and logistics providers have created some of the most advanced Internet-based transport communication portals. Port operators from Asia have developed into global players and major service exporters operating concessioned container ports all over the world.

22. Yet many other developing countries, particularly in Africa, are not participating significantly in the international transport business. The reasons for this low participation are manifold and are related to low levels of investment and the generally low level of development of the manufacturing and service sectors.

23. The successful development of efficient transport services depends not only on basic transport infrastructure but, more importantly, on the establishment of effective mechanisms that warrant the most efficient use of available infrastructure. The problem in many developing countries is that regulation, planning and management of the different elements of trade-supporting infrastructure are very disjointed and without effective coordination. Laws and regulations governing the conduct of trade and transport as well as the organization of trade-supporting services and infrastructure are often outdated. There is thus a need to develop modern policies and administrative arrangements that bridge institutional and organizational disparities and inconsistencies.

Trade and transport facilitation

24. Trade facilitation aims at developing a globally accepted, consistent, transparent and predictable environment for international trade transactions. It allows technologically lagging institutions in developing countries to be raised to the level of their more advanced trading partners. It not only benefits a country's trade but also becomes an important factor in the investment decisions of the private sector. It is based on internationally accepted customs and practices resulting from the simplification of formalities and procedures, the standardization of physical facilities and means, and the harmonization of applicable trade and transport laws and regulations.

The role of trade and transport facilitation

25. Developing countries' small and medium-sized enterprises (SMEs) are adversely affected by excessive burdensome trade procedures, as these constitute fixed costs and result in reduced returns and in disincentives to engage in international trade. An improved environment for trade transactions would particularly benefit these enterprises, as the introduction of trade facilitation measures can expand trading opportunities and help increase the number of potential trading partners.

26. Developing countries, therefore, need to establish a favourable domestic environment for international trade transactions, based on effective implementation of international instruments, recognized best commercial practices and common standards. Border-crossing points are critically important, as they are key locations where discrepancies between buyers' and sellers' domestic trade environments are exacerbated.

27. Furthermore, developing countries should strengthen their capacity to link with regional markets and international transport and logistics networks. This capacity depends on transport linkages and the efficiency and speed with which goods can be moved from production centres to final markets, ensuring high-quality and reliable delivery. Ports are essential in this process because they constitute nodal points in the transport system, in many cases linking high-technology international transport with local transport services relying on a reduced technology base.

28. In many developing countries, inefficiencies and delays occur at interchange points (from one mode to another), at border crossings and along the national transport network. These delays result from inadequate infrastructure, inappropriate cargo-handling equipment and transport fleets, cumbersome trade procedures, inappropriate management procedures and lack of know-how. Removing these causes will reduce costs and delays and thus improve the trade development potential in developing countries.

29. Streamlining of national procedures, rules and regulations using international instruments, standards and recommendations could lead to improvements in existing facilities without large investments. For example, allowing goods to be cleared by customs 24 hours a day could double the capacity of the national transport fleet. In a recent World Bank analysis, the factors offering the largest potential for improvement were port logistics, infrastructure quality and efficiency, customs efficiency and the regulatory environment. Institutional reforms aimed at increased private-sector involvement and competition are expected to increase the productivity of trade infrastructure. Use of ICT speeds up the exchange of information and allows for more efficient customs operations, including risk management techniques (see Box 1). It also provides management with advance information for planning, gives shippers greater effective choice and improves the quality of service. Furthermore, the use of ICT is necessary to introduce multimodal transport and supply chain management.

Box 1. ASYCUDA and risk management

To protect national interests, customs services around the world must balance efficient cargo and passenger processing with improved regulatory enforcement. Modern trade cannot afford interruption of the supply chain, and customs services do not have the resources to check every consignment. With the growing volume of transactions in international trade, the systematic and in-depth examination of all cargo belongs to customs history. The emergence of customs IT systems has led to computerized risk-management systems, where the computer determines the routing of transactions for customs control according to criteria established by specialized enforcement/intelligence customs officers.

Since the events of 11 September 2001, security has become paramount, and now, more than ever, the main objective of customs is to reconcile efficiency of controls with the smooth movement of goods. Customs controls are dedicated not only to protecting fiscal revenue but also to supporting free and secure trade and participating in the global fight against terrorism. This goal can be achieved only by using modern, efficient and computerized tools that allow customs to record information and use it to target high-risk consignments.

The Automated System for Customs Data (ASYCUDA) world risk management system capitalizes on more than 20 years' experience in computerization of customs operations and on the implementation of the system in more than 85 countries. ASYCUDA covers the whole declaration-processing path, including cargo and transit. It uses sophisticated tools, from the classic selection of the examination procedure and the allocation of the declared goods to a control "channel" (green for release of goods without examination, yellow for a documentary check prior to goods release, red for physical examination of the goods prior to release, or blue indicating that goods will be released but will be submitted to a post-clearance audit control by customs) to the use of multimedia, scanned images and wireless devices, which provide customs officials with immediate remote access to the intelligence and control databases. Customs controls can now be undertaken in situations where this was not possible before – for example, to stop cargo in transit and verify that the paper documents presented correspond to what has been declared at departure, or to perform on-the-spot checks of a container's contents and the status of the goods (cleared, transit, etc.).

The system permits periodic assessment of the risk-management process in order to measure the impact of selectivity criteria and to change, extend or eliminate risk-management parameters as needed.

30. Under these circumstances, developing countries need support not only to identify the required improvements to the physical features of existing transport networks, but also to propose specific actions for making the best use of available trade- and transport-related assets, eliminating, wherever possible, any barriers that might increase transaction costs and create unnecessary delays. This includes improving the commercial capabilities and performance of national transport operators and auxiliary services, changing the commercial behaviour of traders, harmonizing administrative and commercial procedures and documents, reviewing and modernizing the legal framework, promoting foreign investment and the transfer of knowledge, and introducing innovative relations between public institutions and transport providers and users of international trade and transport. Unless such a trade infrastructure is in place, transaction costs may remain excessive and countries will not benefit from liberalization of market access. A special challenge for a country is therefore to develop a regulatory environment and organizational arrangements that will yield optimal use of the existing physical network structures, gradually shifting government's role to being a promoter rather than a manager of trade-supporting infrastructure and services.

Cooperation to facilitate trade

31. To be fully effective, trade and transport facilitation measures must be based on globally accepted standards and applied in a regionally coordinated fashion. Coordinated policies extend to such initiatives as the standardization of tariff nomenclatures and customs and trade documents and procedures, improvement of cross-border cooperation, exchange of experiences between neighbouring countries and implementation of transit trade agreements. Such cooperation is designed to strengthen the implementation of transit trade corridors and establish mutually acceptable transit procedures and

operations. It also stresses the need to develop and strengthen networking among related institutional support structures; to adopt an integrated approach to policy-making at the national, regional and local levels for transport services and systems; and to promote partnerships for the development of sustainable, energy-efficient multi-modal transportation systems

32. The challenges described in the preceding section may become more acute as new security requirements affecting transport operations lead to additional controls on means of transport and traded goods, and potentially to less efficient trade operations. However, the information obtained through security controls may well provide a basis for the development of more efficient trade procedures and practices. Trade and transport facilitation could benefit from the extensive use of newer technologies, faster and better-coordinated procedures, and enhanced information management, all stemming from the security measures put in place. In such a scenario, “facilitation” could actually benefit from “security”, provided that all partners and stakeholders in international trade are given the opportunity and the means to improve the quality of their intervention in the supply chain. Partners from developing countries will need financial and technical support from the international community in order to be able to share the benefits of systems developing in this way.

A secure environment for trade and transport⁴

The need to enhance security

33. Following the events of 11 September 2001, transport security considerations have been at the forefront of international concerns. The need to enhance security worldwide is recognized by all Governments and industry. Because world trade largely depends on maritime transport, the security of the maritime transport system has received significant attention. The United States Government, in response to its own analysis of the vulnerability of the maritime transport system, has taken the lead and has initiated numerous measures for enhancing the security of maritime traffic, including port, vessel and cargo security. Several international organizations have also reacted swiftly to the need for strengthened security measures at the global level and, over the past two years, have been working on a wide range of measures to enhance maritime transport security.

34. Following is an overview of some of the initiatives considered to have a major impact on developing countries: the US Container Security Initiative (CSI); the US 24-Hour Advance Manifest Rule; the US Customs Trade Partnership against Terrorism (C-TPAT); and the International Ship and Port Facility Security (ISPS) Code of the International Maritime Organization.

New security initiatives

The Container Security Initiative (CSI)

35. The CSI is based on the premise that the trading system’s security can be enhanced if high-risk cargo containers are targeted and screened before they are loaded. The four-part programme involves the identification of high-risk containers based on advance information before they arrive at US ports and the use of technology to quickly pre-screen high-risk containers, including radiation detectors and large-scale X-ray and gamma ray machines.

⁴ The information in this section is based on the recently published UNCTAD secretariat report “Container Security: Major Initiatives and Related International Developments” (UNCTAD/SDTE/TLB/2004/1), available at www.unctad.org.

36. To implement CSI, US Customs is entering into bilateral agreements or partnerships with foreign Governments. The agreements provide for the deployment at foreign ports of US officers who will target and pre-screen United States-bound cargo containers before they are shipped. While the initial aim of US authorities was to implement CSI at the ports that send the largest volume of cargo containers into the United States, the second phase will involve expanding the programme to additional ports, still based on volume, location and strategic concerns. US authorities offer reciprocity to participant countries, which can therefore send their customs officers to US ports to target for inspection containers bound for their countries.

The 24-Hour Rule

37. Prior to 2 December 2002, the relevant US Customs regulations simply required the master of every vessel arriving in the United States to have the manifest on board the vessel. The 24-Hour Advance Manifest Rule requires ocean carriers to transmit cargo manifests for cargo being shipped on a container vessel to the United States 24 hours in advance of loading at foreign ports.

38. This initiative is closely connected to the CSI and focuses on obtaining and analysing security-related information. US Customs regulations now require detailed manifest information in relation to United States-bound cargo to be provided 24 hours before loading at the foreign port. On the basis of the information provided in the manifest, US Customs officers are to identify high-risk containers prior to loading.

39. Since the Rule seeks to establish precisely what is carried in every container, cargo descriptions must be precise enough to enable identification of the shapes, physical characteristics and likely packaging of the manifested cargo so that US Customs can identify any anomalies when a container is run through imaging equipment. Generic descriptions are no longer acceptable, as they do not provide adequate information regarding the merchandise.

40. The US Trade Act of 2002 includes provisions dealing with mandatory advanced electronic information for cargo and other improved customs reporting procedures. It provides the legal basis for the expansion of the 24-Hour Rule to both inbound and outbound transport. Moreover, while the “original” 24-Hour Rule allowed information to be presented either via a paper Customs Form or via specific electronic means, under the Trade Act only electronic submission of information is envisaged.

Customs Trade Partnership against Terrorism (C-TPAT)

41. C-TPAT aims at building cooperative government-business relationships that strengthen overall supply chain and border security. It is intended to enhance the joint efforts of both entities in developing a more secure border environment by improving and expanding existing security practices. C-TPAT is a non-contractual voluntary agreement terminable at any time by written notice by either party.

42. In entering into the agreement, applicants undertake not only to apply and respect a list of specific security recommendations and guidelines, but also to communicate these to business partners in the supply chain and to work to build the guidelines into relationships with these companies. The recommendations and guidelines are tailored to different categories of participants to suit different segments of the supply chain. Upon request, C-TPAT participants must provide documentation to demonstrate compliance with each C-TPAT recommendation.

43. US Customs, for its part, mainly undertakes to assist the partners in their efforts to enhance security and to expedite clearance of cargo at the US border. Once a company becomes a C-TPAT member, its risk score in the Automated Targeting System is reduced. US Customs also undertakes to conduct initial and periodic surveys to assess existing security measures and suggest improvements.

The International Ship and Port Facility Security (ISPS) Code

44. The new ISPS Code of the International Maritime Organization (IMO) was adopted by a diplomatic conference in December 2002 by way of amendments to the 1974 Safety of Life at Sea Convention (SOLAS). The Code applies to all cargo ships with gross tonnage of 500 or above, passenger vessels, mobile offshore drilling units and port facilities serving such ships engaged in international voyages. It will enter into force on 1 July 2004. Part A of the Code consists of a list of mandatory requirements, while Part B gives recommendations on how to meet the requirements listed in Part A. The Code's timely implementation is mandatory for all 147 States that have ratified the SOLAS Convention, without any distinction as to their level of development.

45. The ISPS Code aims to enhance maritime security on board ships and at the ship/port interface by providing a standardized and consistent framework for evaluating risks. Among the main objectives of the Code are "to establish an international framework involving cooperation between Contracting Governments, Government agencies, local administrations and the shipping and port industries to detect security threats and take preventive measures against security incidents affecting ships or port facilities used in international trade" and "to establish respective roles and responsibilities" of the parties.⁵

46. The wide-ranging nature of the requirements and the tight time frame for their implementation *by and in* all SOLAS member States have generated concern within the maritime and port community. The new security requirements place a particularly heavy burden on developing countries, which often lack both the capital and expertise necessary for implementation. To be able to ensure that their ports or the ports through which they trade comply with the ISPS Code, developing countries require technical and in some cases financial assistance for the implementation of new security measures.

The way forward

47. As this document has shown, transport and logistics services are becoming ever more crucial for remaining competitive in international trade and globalized production. At the same time, new security requirements pose additional challenges for shippers and transport service providers, especially in developing countries. Consequently, transport and trade facilitation designed to ensure a secure and efficient trade environment plays a fundamental role for developing countries in their efforts to promote international trade.

International partnerships

48. Developing countries wishing to build a secure and efficient environment for trade now have a wide choice of available instruments and institutional structures. Multilateral efforts should be

⁵ For detailed information about the responsibilities of contracting Governments, vessel-owning and/or operating companies and port facilities, see the UNCTAD secretariat report "Container Security: Major Initiatives and Related International Developments" (UNCTAD/SDTE/TLB/2004/1), paragraphs 80–86. The report is available at www.unctad.org.

coordinated to help developing countries take advantage of each and every potential partner's role and competence as part of a knowledge-building, action-oriented machinery.

49. International cooperation in transport and trade facilitation should be strengthened to increase efficiency in beneficiary countries, in particular LDCs. Policy programmes should be developed with the objective of providing developing countries with sustainable capacity to plan and implement trade and transport facilitation initiatives. The creation of local trade and transport facilitation platforms is part of a comprehensive institution-building programme that would form the basis for the promotion of partnerships in maritime, inland and border trading communities. They would operate national information and communication systems for trade and transport monitoring and establish regional trade and transport facilitation knowledge management networks linking public and private trading communities.

Global Facilitation Partnership for Transportation and Trade

50. Adequately addressing the issues and problems referred to in this document requires the establishment of a global initiative to advantage of the current variety of trade facilitation measures designed and implemented by different international and intergovernmental institutions and by interested parties in trade and transport at the multilateral, regional, national and local levels. The Global Facilitation Partnership for Transportation and Trade (GFP) is such an initiative. It was first launched in 1999 by the World Bank, in cooperation with various international institutions, including UNCTAD. It aims to foster export-led growth and poverty reduction by promoting trade facilitation, uniting the efforts of all interested parties, public and private, national and international, interested in helping to achieve significant improvements in transport and trade facilitation in developing countries and countries in transition.

51. In late 2001, the High Level Committee on Programmes of the United Nations Chief Executives Board recognized that dissemination of knowledge and experience was a central dimension of international cooperation in the area of trade facilitation, and that trade facilitation issues needed to be addressed in a coordinated manner in the United Nations system. As a result, the United Nations Trade Facilitation (UNTF) network was established in 2002 as a common platform for UN agencies involved in trade facilitation activities. The UNTF holds regular interagency meetings and maintains a Web-based platform that brings together agency-provided information on each agency's approach to trade facilitation.

52. In 2003, discussions between the World Bank and other UNTF members led to the establishment of a joint GFP/UNTF partnership platform (www.gfptt.org and www.untradefacilitation.net). The common site is hosted by the World Bank and designed as a focal point for information aimed at institutions and professionals in trade facilitation. It offers special tools for building partnerships among interested public - and private-sector institutions.

53. As of March 2004, the joint platform already had over 155 partners – international organizations, national public and private bodies such as ministries and chambers of commerce, international professional associations, and companies. Around 40 partners are from developing and transition countries. The five core partners of the platform (the International Chamber of Commerce, the World Bank, the World Customs Organization, the United Nations Economic Commission for Europe and UNCTAD) have defined a specialized topic and subtopic structure allowing both introductory and comprehensive coverage of special areas. The quality of information is ensured by the core partners' staff members, who maintain the topics and upload and classify content.

54. Individual and other institutional partners of the platform have varied expectations. Carriers, ports and terminal operators, for example, seek the streamlining of border administrative controls and improved operational efficiency. The partnership platform is a vehicle to facilitate the implementation of recommendations and guidelines, as well as to provide policy advice and disseminate information relating to transport and trade facilitation issues. Most importantly, the platform serves as a “single window” for developing countries’ Governments, traders, transport suppliers and other stakeholders seeking information on recent trends and on the activities of potential development partners who can provide assistance in this field.

55. Concrete activities of the partnership include the preparation of trade and transport facilitation audits, with related action plans; development of performance indicators; design of software to measure customs clearance time; a number of distance learning programmes, support for dissemination efforts; and research on the cost and impact of trade and transport facilitation measures. The success of these activities will be the result of contributions from all sectors and countries, just as a secure and efficient global trade environment will benefit transport users and service providers in developing and developed countries alike.
