TRADE LOGISTICS BRANCH, DIVISION ON TECHNOLOGY AND LOGISTICS

TRANSPORT NEWSLETTER



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EDITORIAL

Dear readers,

"Cutting red tape in trade supports development" Mr. Mukhisa Kituyi, Secretary-General, UNCTAD

The end of 2014 is marked by a milestone deal on trade facilitation. World Trade Organization (WTO) members adopted, last November, the Protocol of Amendment to insert the Agreement of Trade Facilitation (TFA) into the WTO Agreement. Now, the national ratification stage has been triggered.

This timely issue of our Transport Newsletter is particularly focused on the WTO TFA. Thus, the current edition looks at the development dimension and benefits of the WTO TFA. It also informs about national trade facilitation committees, project proposals for the implementation of the trade facilitation measures contained in the agreement, UNCTAD's contribution to trade facilitation in Land-locked Developing Countries and Small Island Developing States (SIDS), and the improvement of SPS measures to facilitate trade. Finally, it announces new publications related to trade facilitation and transport as well as upcoming events and meetings.

The imminent entry into force of the TFA (once two-thirds of WTO members have ratified the agreement) brings twofold expectations for developing and least-developed countries. First, the implementation of the TFA will bring numerous benefits related to the reduction of costs and time in cross-border trade, the increase of Customs revenue as well as their potential insertion into global value chains. Second, developing countries and leastdeveloped countries have for the first time the possibility to link the implementation of the TFA with the acquisition of technical capacities. This will be translated into the commitment of developed countries with the delivery of technical assistance and capacity building for these countries.

UNCTAD has a longstanding commitment with developing and least-developed countries as well as with donors in supporting trade facilitation reforms. For instance, UNCTAD's Automated System for Customs Data (ASYCUDA) programme has contributed to increase revenue collection and improve controls in more than 90 countries. Moreover, UNCTAD has supported the establishment of trade and transport facilitation committees and launched a database on trade facilitation bodies (http://unctad.org/tfcommittee).

Since early 2012, UNCTAD has supported approximately 40 developing countries in the development of national trade facilitation implementation plans to ensure compliance with the future WTO TFA. Currently, we are working in the update of technical notes on the WTO TFA, aimed at providing legal and technical guidance for the implementation of the agreement (http://unctad.org/en/pages/publications/Trade-Facilitation---Technical-Note. aspx).

There is still a lot of work to do to ensure that developing and least-developed countries reap all the benefits of the WTO TFA. UNCTAD remains at the disposal of developing countries and development partners in the provision of technical assistance and capacity building. Our expertise and experience position us as a strategic partner for the implementation of the WTO TFA in developing countries.

We hope that you enjoy this new edition of our Transport Newsletter. If you have any enquiries, comments or suggestions, please do not hesitate to contact us at: trade.logistics@unctad.org

With these remarks, we thank you our dear readers for following us in 2014 and we reaffirm our commitment to continue bringing you news, information and data on transport, logistics and trade facilitation in 2015.

Trade Logistics Branch Team

By Mukhisa Kituyi

Secretary-General, United Nations Conference on Trade and Development (UNCTAD)

CUTTING RED TAPE IN TRADE SUPPORTS DEVELOPMENT

In Geneva on Thursday 27 November 2014 the world clinched a landmark deal on trade.

World Trade Organization (WTO) members have opened the way for implementation of the WTO Trade Facilitation Agreement, following a welcome breakthrough between India and the United States. The Agreement aims at removing bottlenecks and cutting red tape for international trade so that goods cross borders more quickly and at lower cost. It was among the decisions taken at the WTO Ministerial in Bali in December 2013, bringing to end a decade of negotiations on the issue.

The Trade Facilitation Agreement may be new, but at the United Nations Conference on Trade and Development (UNCTAD), we have promoted trade facilitation as an integral part of trade and development policies for half a century. It is in everyone's interest to cut red tape, in particular in developing and least developed countries. Nonetheless, UNCTAD research reveals that trade facilitation reforms are more difficult to implement, yet also more important, for developing and least developed countries as compared to advanced economies.

Cross-border trade offers many opportunities, but also gives rise to challenges in the social, economic and environmental fields. Simplifying the international trade environment can help developing countries harness the benefits of globalization, while mitigating its costs.

One of the challenges to global trade is inefficient import and export procedures. In developing and least developed countries, the extra costs of delays, red tape, inefficiency and in some cases corruption can add as much as 15 per cent to the price of goods. This undermines the competitiveness of goods from these countries, particularly as the relatively low value of such products makes them more sensitive to additional trade transaction costs. Barriers to trade become barriers to development.

Trade facilitation contributes to creating the fast and reliable trade and transport services needed for developing and least developed countries to integrate into global logistics networks and participate in global value chains.

It is a common misconception that trade facilitation equates to less control for public authorities in overseeing trade. On the contrary, many specific trade facilitation reforms lead to more efficient and better-targeted controls, in a transparent trading environment. Such changes assist customs authorities in securing revenue collection, and veterinary and health authorities in monitoring food products. These controls are increasingly essential in our globalized marketplace, and are part of building strong national institutions.

The example of UNCTAD's ASYCUDA customs automation programme, implemented in more than 90 countries around the world, is illustrative. After automating and modernizing customs procedures, both revenue collection increases and controls improve. Traders see a reduction in the cost of trade, and trade flows increase. More trade generates more revenue for the government, which in turn can help improve public services, such as education and health care.

There are many other development benefits from trade facilitation -- especially for developing and least developed countries -- that are difficult to quantify. Trade facilitation helps integrate informal trade into the formal economy by lowering barriers for small- and medium-sized traders. It strengthens institutions and inter-institutional cooperation, which contributes to good governance, transparency and reduced corruption. Trade facilitation also encourages private sector and inward investment by providing a clear and predictable trade environment. This, in turn, may lead to better quality employment. Trade facilitation also provides incentives for closer

regional integration and for greater investment in transport infrastructure and services linking neighboring countries.

Naturally, developing and least developed countries will have to make investments to achieve the targets of the WTO Trade Facilitation Agreement. UNCTAD estimates that meeting obligations under the Agreement will cost most countries US\$5 million to US\$15 million, depending on their individual situation. This highlights one of the crucial elements of the WTO Agreement. Developed countries have committed to helping developing and least developed countries implement the Agreement through technical and financial assistance. In this respect, the Agreement contains a real and novel development perspective.

It is now important that recent statements of good intention by WTO Members are translated into action and commitments. That way the Trade Facilitation Agreement can play a part in boosting global trade, particularly for the benefit of developing and least developed countries.

UNCTAD has longstanding experience as a partner in trade facilitation, for developing and least developed countries as well as for donor countries. Our focus is on trade facilitation as part of the wider drive to improve countries' development prospects and build sustainable and responsible globalization. As the international community comes together to agree on an ambitious, universal development agenda for the post-2015 period, implementing the Trade Facilitation Agenda is an important first step in reinvigorating an international trading system that is economically, socially and environmentally sustainable.

Original post could be found on: http://www.huffingtonpost.com/mukhisa-kituyi/cutting-red-tape-in-trade_b_6248562.html

UNCTAD'S MULTI-YEAR EXPERT MEETING ON TRANSPORT, TRADE LOGISTICS AND TRADE FACILITATION, THIRD SESSION FOCUSES ON SMALL ISLANDS DEVELOPING STATES

24 - 26 November 2014 Room XXVI, Palais des Nations, Geneva, Switzerland.

The Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation addressed some emerging and persistent issues that developing countries are facing and which need to be dealt with as a matter of priority.

In accordance with the relevant paragraphs of the Doha Mandate, the expert meeting addressed trade logistics issues in developing countries, including those with special needs, namely the least developed countries, landlocked developing countries, small island developing States (SIDS) and some countries with economies in transition. Drawing from UNCTAD's three pillars of work, discussions considered all relevant aspects, namely technical assistance and capacity-building, research and analytical work, and consensus-building.

Issues addressed:

- Key transport and trade logistics related challenges facing SIDS;
- Sectoral interlinkages between transport and trade, as well as other key economic sectors of relevance to SIDS, in particular, tourism and fisheries;
- Climate-change impacts on transport infrastructure in SIDS and adaption needs;

- Financing as a cross-cutting enabling factor;
- Priority action areas and effective response measures;
- The role of partnerships, relevant partners and collaboration mechanisms.

The third session of the multi-year expert meeting focused on some of the particular transport and trade logistics challenges that SIDS face in connection with their remoteness and geographical location (cf. Doha Mandate, paragraph 56(j)). SIDS share the same environmental and economic vulnerabilities and sustainable development challenges, such as susceptibility to natural disasters; vulnerability to external shocks; remoteness from large markets, low transport volumes and connectivity leading to high freight and logistics costs; and high economic dependency on sea and air transport links.

Improved access to global markets and enhanced trade competitiveness is particularly important for these countries, as is ensuring the resilience of critical transport infrastructure. With SIDS being completely dependent on ports and airports, climate change risks such as rising sea levels, increasing temperatures and more frequent and/or intense storms pose serious threats to vital transport infrastructure, services and operations. Un-

derstanding the underlying risk and vulnerabilities and developing adequate adaptation measures is of the essence. Against this background, the strategic importance of ports for the growth and development of SIDS was particularly highlighted.

Convened in 2014, which is the International Year of SIDS, and following the third International Conference on Small Island Developing States (Samoa Conference), the meeting offered a renewed opportunity to focus international attention on the unique transport-related challenges facing SIDS and considered ways in which these can be better understood and adequately addressed.

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For summary, documents and presentations please visit: http://unctad.org/en/Pages/ MeetingDetails.aspx?meetingid=500



NATIONAL TRADE FACILITATION COMMITTEES: A KNOWLEDGE MANAGEMENT APPROACH

The WTO Trade Facilitation Agreement (TFA) once in force requires all WTO members to establish a National Trade Facilitation Committee (NTFC) or similar platform. The challenge to WTO members is now to plan and operationalize the NTFC.

According to the WTO TFA Art. 23.2 the responsabilities of a NTFC are: a) Domestic coordination and b) Implementation of the provision of the TFA. The main outputs of a NTFC would be in the short term a) to categorize the TFA provisions for notification thereof to the WTO and b) assist in the domestic ratification process. In the medium and long term the focus of the NTFC should be preparing the country to request and receive technical assistance, develop projects to acquire capacity and, on the ground, support the implementation of the different provisions of the TFA. For some measures - such as enquiry points, regular review of import, export and transit procedures or border agency coordination- the NTFC could itself become the implementing body.

The NTFC would be composed of representatives of all concerned stakeholders of the country for which the NTFC would act as a multi-agency coordinating mechanism. This platform would deal with information sharing (during consultations), knowledge creation (for developing projects and designing solutions to facilitate trade), and knowledge retention (to transmit knowledge from member to member in case of staff rotation).

The question about what best practices on knowledge management (KM) exist for establishing such multi-agency coordinating mechanism was raised to the expert network on Knowledge Management for Development (www.KM4Dev.org) from where several interesting aspects were highlighted. The challenge being that organizations represented in the NTFC could have different views, needs and expectations.

Various valuable examples, tools and methodologies were evoked for setting up such multi-agency platforms for which worth is to highlight (a Wiki was created with the discussions under: http://wiki.km4dev.org/Multi-agency_coordination_mechanism#Original_Message):

- Understanding collaborative networks: Garfield Foundation with their ReAmp project. http://www.garfieldfoundation.org/resources/ Monitor%20Institute%20RE-AMP%20 Case%20Study.pdf. Taking care of distinguishing between full collaboration (shared goals, interdependent tasks, shared process) and cooperation (shared goal, independent actions that had a reinforcing effect upon the goal but which did not require perfect alignment in all things).

- Collaborative network practices at: http://www.garfieldfoundation. org/programs/collaborative_networks.html
- Strategic coordination mechanisms for health issues in Kenya:The Role of Strategic Coordination in Addressing Human Resources for Health Challenges and Priorities (HRH-ICC) FINAL.pdf
- Helping groups work towards realistic working practices and agreements through http://www. liberatingstructures.com
- Visualizing intersecting shared values and work of NTFC members mapping them could be productive. Considering also social network analysis including approaches such as Netmap Toolbox would be valuable.
- Collective thinking: sharing power, knowledge and sympathy between people of very different interests so that they learn to share their knowledge and understanding. (www.collectivethinking. com.au)
- LINK Methodology with its 'learning cycle' and 'learning alliances' for projects to improve commercial relations on supply chains (http://dapa.ciat.cgiar.org/link-methodology-version-2-0/)
- World Bank provided a systematic results-focused approach to knowledge exchange, including a number of tools and methods for sharing knowledge. http://wbi.worldbank.org/sske/Data/wbi/wbicms/files/drupal-acquia/wbi/document_repository/art of knowledge exchange full .pdf

- Gathering people around the table: discuss their concerns and views over food...With a mouth full one stops talking (listening is very important). First argue on what is the problem (not the solution). Close with the question at whose table the next talks will

What is Knowledge Management (KM)?

Based on pioneers of KM (Nonaka and Takeuchi)¹ KM is the capability of an organization or group of people to create new knowledge, disseminate it throughout the organisation and embody it in its products, services and systems.

It refers to a multi-disciplined approach to make the best use of knowledge for achieving organisational objectives, thus lead to innovation and value creation.

What is KM in the context of Trade Facilitation?

KM can be applied in ample fields. For example, it was utilized for maritime logistics value to help maritime operators to achieve strategic goals². In the context of TFA it could be extremely useful to facilitate domestic coordination and also international/regional cooperation. A proposition of KM in that framework would be the capability of public, private agencies or coordinating bodies to share knowledge on TF processes and build concerted TF reforms.

¹ Nonaka, I., Takeuchi, H. (1995): The knowledge creating company: how Japanese companies create the dynasties of innovation. Oxford: Oxford University Press.

In the coming months those contributions will be integrated in the UNCTAD project proposal template for NTFCs. Other contributions and suggestions are most welcome!

For further information, please contact, Ms. Cecilia Viscarra or Mr. Poul Hansen, (tf@unctad.org,) Trade Logistics Branch, UNCTAD

² Lee, E., Song, W. (2010): Knowledge management for maritime logistics value: discussing conceptual issues. Oxford: Maritime Policy & Management Journal, Vol. 37, No. 6.



WTO AGREES TRADE FACILITATION AGREEMENT

On Thursday 27 November 2014 WTO members agreed on a set of decisions that finally resolves the impasse over the implementation of the so-called "Bali Package," which was in December 2013.

The decision integrates the Trade Facilitation Agreement (TFA) into the WTO's legal framework aiming at removing red tape and reducing barriers at borders. The TFA is the first global trade agreement that has been reached since the WTO opened its doors in the mid-1990s.

The TFA decision is linked to a deal not to challenge developing country food stockholding schemes under farm subsidy rules will not expire in 2017 while permanent solution to this issue is being negotiated.

The Protocol of Amendment adopted on Thursday integrates the new TFA into the overall WTO Agreement. Governments will now have the possibility to ratify the Agreement based on their respective national decision processes. Ratification by two-thirds of the WTO membership is required for the deal to enter into force. The decisions agreed on 27 November encouraged WTO Members to ratify the TFA as soon as possible.

The Agreement contains 37 specific commitments on trade facilitation clarifying the GATT Article V on Transit; Article VIII on Fees & Fees & Formalities and Article X Publication of trade regulations.

The deal provides for developing and least developed countries to categorize each of their 37 commitments in one of the following categories: Category A commitments, which are immediately applicable once TFA enters into force; Category B commitments, which will only be applicable after a transition period set by the respective country; and Category C commitments, which will only be applicable after a self-defined transition period and once assistance has been provided.

UNCTAD's has extensive experience in this field. Our work includes the establishment of national trade and transport facilitation committees, needs assessments, trade facilitation implementation plans, support towards achieving compliance capacity, project development support, transit agreements, and Customs automation through its ASYCUDA programme. Through tailor-made training and capacity building seminars as well as targeted projects, UNCTAD assists countries to strengthen national capacities to comply with the WTO TFA, to develop broad

based trade facilitation reform, to implement Customs and e-governance automation and to enhance institutional and human development through public sector reforms. UNCTAD's Trade Facilitation assistance is funded through the donor supported UNCTAD TF Trust Fund.

UNCTAD has a number of publications of Trade Facilitation which can be downloaded here: http://unctad.org/en/Pages/DTL/TTL/ Transport-and-Trade-Logistics.aspx

For further information on UNCTAD's assistance in the field of Trade Facilitation, please contact: Mr. Jan Hoffmann, Mr. Poul Hansen or Ms. Pamela Ugaz, (tf@unctad.org) Trade Logistics Branch, **UNCTAD**



NEW ACTION PROGRAMME FOR LANDLOCKED DEVELOPING COUNTRIES

The Second UN Conference on LLDCs took place in Vienna, Austria from 3-5 November 2014.

The Conference adopted a new strategic framework for 2014-2024 for Landlocked Developing Countries (LLDCs) based on six priority areas: transit, trade, and infrastructure challenges, regional cooperation, structural transformation, and means of implementation. The new programme, The Vienna Programme of Action replaces its predecessor programme, the so-called Almaty Programme of Action that was adopted in 2004 and ran for a decade.

According to the UN's classification, there are currently 32 LLDCs ranging from Afghanistan to Zambia with a combined population of 440 million people. Sixteen of these countries are located in Africa, 10 in Asia, 4 in Europe, and 2 in Latin America.

The Almaty Programme which had set out a first global framework for LLDCs has resulted in some progress, but more global support is needed for LLDCs given the significant trade and development challenges these countries still face.

The Vienna outcome document acknowledges the cost and resulting low level of trade integration that is predicted for LLDCs. Specifically, economic development "is on average 20 percent lower than what it would be were they not landlocked."

Given these challenges, the new Programme of Action calls for advances in the priority areas of transit policy, infrastructure development and maintenance, international trade and trade facilitation, regional integration and cooperation, structural economic transformation, and means of implementation.

The UN General Assembly is expected to consider holding a "comprehensive high-level midterm review" of this new programme. They also encouraged the High Representative for the Least Developed Countries, LLDCs, and Small Island Developing States to develop key indicators to track the success in enacting the plan.

UNCTAD has since its inception paid special

attention to the needs of LLDCs and was actively participation both in the preparations for the Conference and in many of the Conference events; also organizing several high-level and side events. UNCTAD will now take stok of the outcome document and together with LLDCs and transit neighbors start working actively on the implementation of solutions for the challenges facing these counties.

For further information, please contact: Mr. Poul Hansen (poul.hansen@unctad.org) Trade Logistics Branch, UNCTAD

UNCTAD PROJECT PROPOSALS ON SELECTED WTO TFA TRADE FACILITATION MEASURES

The Trade Facilitation Agreement (TFA) specify that developing and least-developed WTO Members are to implement the provisions contained in the agreement in line with their capacity.

A good starting point for this process, if this hs not already been done, is to undertake consultations with all domestic stakeholders for analysing the provisions of the TFA with a view to categorize them into A, B or C. Once the categorization and prioritization is done and countries know where they stand and where they want to go, they would need to look for technical assistance (TA) and capacity building (CB). Financial partners -Donor countries or international organizations would support needs that are concrete and that are issued from a consultative process.

Following this rationale, between 2012 and 2014 UNCTAD helped almost 40 countries to categorize and prioritize the TFA measures through the so called "National TF Implementation Plans". To facilitate developing and least-developed countries to request TA and CB, UNCTAD with the financial support of the European Union, has prepared general project proposals templates for selected TF provisions.

Through three regional workshops, organized in Cotonou, Saint Lucia and Santo Domingo between 2013 and 2014, the content of such project proposal templates was defined and practical implementation issues were addressed (see Transport Newsletters No. 581, 60² and 61³).

The selected TF measures fall into category C (need time, TA and CB for its implementation) and were priority for participating countries. UNCTAD has so far covered 11 provisions that are contained in the WTO TFA: Publication (Art. 1.1), Information available through Internet (Art. 1.2), Enquiry Points (Art. 1.3), Test Procedures (Art. 5.3), Fees and Charges (Art. 6), Risk Management (Art. 7.4), Average Release Times (Art. 7.6), Authorized Operators (Art. 7.7), Border Agency Cooperation (Art. 8) Single Window (Art. 10.4) and National Trade Facilitation Committees (Art. 23.2).

The UNCTAD project proposals templates aim at helping countries to structure their needs and define the best strategy to follow for the successful application of the related TF provision. As shown in the scheme, each project proposal template contains five main chapters.

First, the background and justification highlight the relevance of the measure at regional and international levels. It explains how the application of the TF provision is important for the country and how it is consistent with the national economic policy.

Second, the sectorial and problem analysis describes: a) the TFA obligation and the benefits of the measure for the improvement of transparency and efficiency of trade flows in the country, b) the major problems related to the non-implementation of the measure, c) a sound analysis of stakeholders so as their interests, weaknesses and potentials are considered in the implementation of the measure.

Third, the description of the project shows a comparison of different possible solutions to the exposed problems, for example, a centralized enquiry point versus a decentralized information service for each government agency. Thereafter, the strategy adopted is described together with the main objective, specific objectives, expected results, activities, indicators, verification sources and the proposed budget. All this information is resumed in the logical framework. The analysis of risks of the project will ensure that external factors that could hinder the strategy are considered.

Fourth, the modalities of implementation summarize the main strategy, the timetable for implementation and the total cost. It also identifies the lead agency, the potential implementation partners and the mechanism that would ensure the monitoring and evaluation of the implementation. Finally, the quality factors of the project mention transversal issues (e.g. social and cultural, gender, environment, political) that would ensure the overall quality of the intervention strategy.

The UNCTAD project proposals templates will be utilized in technical assistance activities for those countries that request it. UNCTAD will continue to update the templates and develop additional proposals in cooperation with other international organizations, including the ITC.

For further information, please contact, Ms. Cecilia Viscarra or Mr. Jan Hoffmann (tf@unctad.org) Trade Logistics Branch,

Content of Project Proposal Templates for every measure

Introduction

- Background and Justification
- Sectorial and problem analysis
- Description of the project
- **TF** issues
- Importance of TF for the country
- Description of the measure and its benefits
- Current situation: problem analysis
- Analysis of stakeholders
- Objectives and intervention strategy
- Activities, results, cost and timing: the logical framework
- Assumptions and risks
- Summary of modalities for implementation (lead agency, potential implementation partners, timetable for implementation, total cost, monitoring and evaluation)
- Quality factors/Transversalissues

http://unctad.org/en/Publicationsl.ibrary/webdtltlb2013d4_en.pdf 2http://unctad.org/en/PublicationsLibrary/webdtltlb2013d6 en.pdf 3http://unctad.org/en/PublicationsLibrary/webdtltlb2014d1_en.pdf

ACCORDING TO ECLAC'S ESTIMATES: COUNTRIES IN THE REGION SHOULD INVEST 6.2% OF ANNUAL GDP TO SATISFY INFRASTRUCTURE DEMANDS

The organization presented a new database that details country investment in economic infrastructure since 1980.



The region's countries should invest annually 6.2% of their Gross Domestic Product (GDP)-some \$320 billion dollars-to satisfy their infrastructure demands in the period 2012-2020, according to new estimates released today by the Economic Commission for Latin America and the Caribbean (ECLAC).

That is the conclusion of a United Nations organization's study, which was prepared by the Infrastructure Services Unit of ECLAC's Natural Resources and Infrastructure Division.

In the report, ECLAC unveils the Economic Infrastructure Investment in Latin America and the Caribbean Database 1980-2012 (EII-LAC-DB), which collects and systematizes figures by country and investment origin (public or private) and updates the annual investment requirements in four main economic infrastructure sectors (transportation, energy, telecommunications, and water and sanitation) to respond to the needs that will arise from the region's companies and end users in that same period.

The figure of 6.2% of GDP comes from applying the investment trajectory to expected infrastructure needs, and it assumes that the historic pattern of country investments will be

repeated. As such, it is an approximation and not a strict recommendation, the document indicates.

According to the report, the average 2.7% of GDP allotted to infrastructure investment in the last decade shows that the region is not investing enough. The study also says that an adequate response to requirements in this field is key for the region's insertion in the global economy in the XXI century and for its people's quality of life.

An analysis of the figures in the EII-LAC-DB database reveals a trend towards increasing investment in the aforementioned four economic infrastructure sectors during the period 2003-2012. The transportation sector has drawn the biggest amount of investment since 2005, followed by energy, telecommunications, and water and sanitation.

According to the report, in 2012 (the last year available), average regional investment in the four sectors was 3.49% of GDP. That year, Costa Rica was the country that invested the most in infrastructure (5.47% of GDP total in public and private investment), followed by Uruguay (5.08%), Nicaragua (4.93%), Bolivia (4.47%), Peru (4.46%) and Brazil (4.10%).

According to ECLAC, investment in infrastructure projects contributes to increasing the coverage and quality of public services (for example, health, education and recreation) and reduces the costs associated with mobility and logistics, which in turn improves access to markets of goods, services, employment and financing, providing a favorable environment for improvements in the population's overall well-being.

Therefore, the Commission stresses that countries must examine the patterns in their investment decisions to orient them towards new infrastructures that reinforce the path to equality, with sustainability and inclusion.

For further information, please visit,

- www.cepal.org/en/pressreleases
- http://repositorio.cepal.org/ handle/11362/37286
- http://www.cepal.org/es/node/18588

THEFT AND VANDALISM OF AIDS TO NAVIGATION EQUIPMENT -A CHALLENGE TO SAFETY OF NAVIGATION

The theft and vandalism of AtoN sites has been a troublesome challenge for ports and AtoN operators around the world for a number of years.

In addition to the financial impact to port Aids to Navigation (AtoN) programs and operations, episodes of theft and vandalism of AtoN sites raises serious implications for shipping safety and protection of the marine environment. It can be compared to someone stealing the traffic light on a busy main street. Aids to navigation sites are installed to warn mariners of hazards with both visual and audible signals are critical to the safe navigation of vessels, from large tanker ships to fishing and recreational craft.

Today, Aids to Navigation equipment is an asset that can come at a considerable cost to the operator and if a lantern, moorings and perhaps a Racon is installed onto a floating AtoN, then the cost of this 'asset' could easily reach into the tens of thousands of dollars - a similar amount to a vehicle or truck that the operator would also consider as an 'asset'. However, whilst precautions such as alarms. immobilizers and insurance are taken to cover the threat of theft and vandalism of a vehicle, it appears that no such consideration is taken to cover the threat and vandalism of an AtoN. An aid to navigation can be made up of a number of components that could be attractive to potential thieves such as batteries, solar panels and valuable materials such as stainless steel that can be re-sold by the perpetrators.

By having somebody responsible for the markets where theft and vandalism is often associated, Tideland Signal have been taking these challenges head on and have been offering solutions to deter the threat of theft and vandalism to clients around the world for a number of years.

Theft is principally associated with the removal of AtoN equipment or power supplies (including solar panels and batteries), whereas vandalism would normally be associated with either deliberate or unprovoked damage of the AtoN equipment or the AtoN site. The major causes of vandalism can be attributed to the following:

- Theft of the buoy system or its equipment
- Vessels colliding with AtoN
- Fish operations using the buoys as fish aggregating devices (FADs)

Theft and vandalism is an issue that generally affects many areas around the world, but is more prevalent in some regions, most notably Africa where I have travelled extensively over the last two years to experience examples of theft and vandalism of AtoN equipment and attempt to provide practical deterrents to operators of these affected AtoNs. The following is a selection of the examples that I have witnessed and the deterrents that I have positively proposed to overcome this significant challenge to an operators AtoN operation and safety of navigation:



A buoy in Northern Angola where the operators used a 'cable tie' in an attempt to stop access to the buoys battery compartment.

Northem Angola - Theft of batteries and solar panels from navigationals buoys

An AtoN operator in northern Angola was experiencing excessive theft of the power supplies that were installed upon the buoys to provide power to the installed lanterns with an estimated \$1,000 worth of batteries disappearing at the very peak.

Our solution to this particular challenge was through the introduction of Self-contained LED lights with integral solar systems that have no other application that in the provision of being an AtoN. The solar panels are 'useless' if removed and the small 24Ah batteries proved to be less attractive that the larger 105Ah batteries that they replaced. The theft and vandalism did continue for a few more weeks, but then steadily slowed once the culprits discovered that there was indeed no real use for this equipment, other than for what it was intended. As an additional security for the operator, we also installed a GSM 'remote monitoring' device inside of the lantern housing that is powered by the same lantern battery. This unique GSM system provides the operator with valuable information on the operators AtoN including GPS position, lantern status and battery voltage and is displayed in a user friendly format by either a web based server or a simple SMS text to a mobile phone. This system has also been recently incorporated by the authorities in Maputo to monitor over 30 floating aids in the Maputo Channel that are vulnerable to theft.

Western Ghana - Vandalism of AtoN by fishing operations using the buoys as fish aggregating devices (FADs)

In 2008, I was involved with the supply of \$800,000 worth of AtoN supply to an organisation that wanted to mark a gas pipeline that travelled from Ghana to Togo through to Benin. This project experienced severed challenges with local fishing operations using the buoys as fish aggregating devices (FADs). Local fishermen were using these buoys as FADs and were either tying their own FADs to the buoys or were tying their vessels off of the buoys and utilising a "sling shot" method to harvest a larger amount of fish. The "sling shot" method is applied in the following steps: (1) a fishing vessel ties to the buoy; (2) the vessel moves away and stretches the mooring; (3) the vessel releases the buoy; (4) the buoy settles back over the anchor while the buoy is returning to the original position; and (5) the vessel sets nets to catch the fish following the buoys, we were frequently finding buoys with hawsers attached to the buoys which is an indication of a sling shot. This method places a tremendous amount of stress on the buoy structure and its anchor system. These actions were damaging the lantern equipment and ripping the buoys from their moorings and making them go adrift. From the 22 buoys that were initially supplied, only 3 remained during my last visit earlier this year (2013).

The solution that we are currently developing within this project is one of 'community engagement'. Community Engagement of local coastal communities is a means to mobilising social infrastructure to protect and preserve AtoN and as such is an effective part of a strategy to deal with theft and vandalism.

Firstly it can support a programme of education. Such a programme, designed to promulgate how unsuitable the constituents of a self-contained AtoN system are for any use other than that for which the latter is intended, is essential to dispel ignorance both to discourage theft and, also, to forestall the vandalism that occurs when attempts are made to remove solar modules from SC units.

Secondly, it can be used to make local heads of community and landowners aware of the role of AtoN in making the marine environment safe and free of pollution; to encourage them through the discharge of simple maintenance tasks, perhaps, to take responsibility for their AtoN, effectively acting as guardians; and in so doing, to provide a measure of deterrence to local potential criminals.

Within this project, we have worked with the local authorities to nominate a local guardian for the newly installed AtoN, who is supplied regularly with a sack of the local staple diet, as long as the equipment remains intact. If the equipment goes missing, then the 'local guardian' does not profit from Cameroon — Regular vessel damage to channel buoys

A port channel in Douala suffers regular examples of large vessels damaging the channel buoys through accidental collision, usually through its propellers. This could be ascertained to the channel being poorly lit at





Buoy becoming beached in Ghana after being ripped from its moorings following an example of FAD

night or during unclear days as the lanterns themselves have been the victim of vandalism, but still vessel collisions destroyed 22 of the 39 buoys that were installed resulting in a significant financial implication as well as an incomplete navigation channel.

In short, the vessel operators who are responsible for the damage of the AtoN in guestion should be held accountable and be held responsible for the financial costs associated with these damaged AtoNs. Our solution to this particular challenge is using something called a V-Track TSD - a powerful AIS display system manufactured by Tideland Signal. By installing AIS on the AtoNs that are particularly prone to vessel collision, this system can monitor and track AIS data and using replay data that can be taken from a locally built-in database can provide the port authorities with a powerful method to investigate traffic behaviour including incidences involving vessel collisions with the channels AtoNs. The operator of a vessel that is involved in a collision that destroys an AtoN can then be contacted and requested to pay the associated costs.

It is clear that implementing a plan for the prevention of theft and vandalism of AtoN operations is a difficult task that will require a vigorous and sustained effort from all parties

Buoy showing signs of being "sling shot" highlighting the abrasions at the top of the buoy structure

involved from manufacturers to operator's right through to the users. The maritime community needs to pursue the regulatory, statutory and subsequent enforcement benefits associated with AtoN operations in

the USA. For example, the provision that states that anyone providing information that leads to the conviction of a party caught damaging, destroying or defacing an AtoN can be entitled to receive up to half of the \$2,500 fine. In addition to the fine, a convicted party can receive up to 1 year imprisonment. Here, there is a monetary incentive that is not budgeted or does not come from the operator's budget, but would be paid by the offending party.

Worldwide AtoN operations protects the safety of navigation and marine environments, therefore it is imperative that the maritime community work together to educate and deter those associated with the issue of theft and vandalism of important AtoN sites.

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THE EMERGENCE OF ECO-SHIPS: INEVITABLE MARKET **SEGMENTATION?**

Green-Shipping has become more popular in recent decades.

Many shipping companies have been engaging in 'greening' activities signalling a 'paradigm shift' in both thinking and some operational activities. The shipbuilding industry has been developing innovative ship designs which are more fuel efficient and environmentally friendly, these are often referred to 'eco-ships'. The emergence of eco-ships ties in with regulatory, economic and social considerations. If such vessels become commonplace it is possible that the gap between eco-ships and 'inefficient' ships will deepen in terms of operational costs and daily hire rates. This issue thus raises a number of important questions: will eco-ships provide a more competitive approach in the market? are they a better investment for the future? and as a consequence, is it likely that a twotier shipping market is developing?

Eco-ships

Eco-ships are generally referred to as a new generation of vessels that are eco-friendly and at the same time fuel efficient. The IMO's Energy Efficiency Design Index (EEDI) set a minimum requirement for energy efficiency, the purpose being to cut Green House Gas (GHG) emissions. Reductions in shipping GHG emissions can be achieved through speed reduction - the eco-speed, however, reductions can also be achieved more directly, by reducing emissions through cost-effective innovative technologies. The International Convention of Maritime Pollution (MARPOL) Annex VI amendments, from January 2013, require all new ships of 400 gross-tonnes and above to be constructed to EEDI standards; and these ships constitute the first generation of eco-ships. Further, a Ship Energy Efficiency Management Plan (SEEMP) was introduced to the existing fleet. The purpose of the SEEMP, among others, is to assist operators of old/existing vessels to improve the energy efficiency of their ships. The technological changes fall into several key areas: hull and propeller optimisation, engine technology and efficiency, renewable energy and ballast water. Ship owners thus face a dilemma as to whether to invest in new eco-ships or optimise their current fleet.

Will eco-ships create a two-tier market?

With freight rates remaining low and the price of oil staying high, shipowners with vessels that are less fuel efficient may find themselves in a disadvantageous position. This could potentially trigger a two-tier shipping

market, with fuel efficient ships on the one hand and inefficient ones on the other. With the first generation of eco-ships entering service, the shipping world could change dramatically. Since eco-ships are expected to be almost 30% more fuel efficient, the result could be that vessels that used to be considered as efficient will then be, ceteris paribus. less efficient and thus on the weak side of a two-tier shipping market.

It is interesting to compare different stakeholders' views on this matter. For example. for shipbrokers, the daily hire that a charterer bids in order to fix an employment of a vessel is strongly affected by its daily fuel consumption since the amount of bunkers remax Japanese built ships: an eco-ship and a semi-eco ship, illustrates the nature of this dilemma

If we assume a Japanese eco-Supramax ship today costs \$29,000,000, at a suggested consumption of 24 tonnes per day, the average daily hire needed over 20 years in order to break even is \$11.247.50. However, a semi-eco Supramax costs \$26,000,000 and its fuel oil consumption is 26.6 tonnes per day. The average daily hire needed over 20 vears in order to break even is \$10.638.00. Therefore an expensive but more fuel efficient eco-ship, compared to a cheaper but less efficient semi-eco (assuming that both of them live up to their expectations and deliver

Ship Type	Consumption tonnes/day	Ship Price (\$ US)	Equity (\$ US)	Loan (\$ US)	Daily Hire (\$ US)
есо	24	29,000,000	15,500,000	14,500,000	11,247.50
semi-eco	26.6	26,000,000	13,000,000	13,000,000	10,638.00

quired throughout the employment is on their account. Especially, with the large increase in the oil price in recent years, charterers started paying more attention to the daily bunker consumption of vessels, making it the most important factor in their calculation. In this sense, a shipbroker may well believe that we are heading towards inevitable market segmentation between eco-ships and older inefficient vessels. Shipowners, however, still have confidence that there will be a market for the current generation of newer, relatively efficient vessels. Although these are not labelled as eco-ships they could still compete against such vessels as there will be a period of time before eco-ships are widely available and dominant in the market. Unless today's unstable global financial situation shows signs of improvement there might not be enough eco-ships available to allow a proper two-tier market to develop.

Are eco-ships a better investment for the future?

Shipowners thus face the dilemma of whether to invest in eco-ships or optimise their current fleet. On the one hand no one wants to be on the weak side of a potential two-tier shipping market, while conversely neither do they want to spend money on an uncertain expensive investment with unknown future outcomes. A simple numerical example, provided by the shipping industry, comparing two Supraas promised), would require a larger capital investment but would earn higher rates in return, while the semi-eco vessel would require less capital cost and would bid at lower rates, thus making it more attractive.

Thus, it would appear that the shipping industry will take its time and adapt to the new changes in accordance with the global economic situation. Eco-ships appear to be a better investment for the future, at least in theory, but at the present time few companies can afford to invest in an uncertain future. Only time will tell if those that invest in the first generation of eco-ships were ahead of the curve.

The original version of this article appears in the proceedings of the annual conference of the International Association of Maritime Economists (IAME) 2013

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IMPROVING IMPLEMENTATION OF SANITARY AND PHYTOSANITARY MEASURES TO FACILITATE SAFE TRADE

Food and agricultural products traded across borders are often a source of concern for governments, due to the damage that can potentially be caused by the introduction and spread of plant pests, foodborne and animal diseases.



To ensure food safety and protect animal and plant health, countries adopt and enforce measures that, by their very nature, may restrict trade. Examples include requirements that products come from disease-free areas, setting allowable maximum levels of pesticide residues, inspection, testing and other controls at borders. The WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) allows countries to take such measures, but also requires that the measures be non-discriminatory, science-based, least-trade restrictive and transparent, among others.

Increasingly, attention is being drawn to the benefits of trade facilitation as a means of enhancing consumer welfare and boosting economic growth in developing countries. In Africa and beyond, food and agricultural products are responsible for a significant share of economic activity, exports and consumption baskets, so facilitating safe trade in these products remains a priority for many governments. Through their role in the border control process, authorities responsible for SPS measures should participate actively in ongoing reforms to facilitate trade. Recent research initiated by the Standards and Trade Development Facility (STDF) concludes that countries can make huge progress in reducing SPS trade transaction costs, while simultaneously strengthening or reinforcing the protection of human, animal and plant health, through proper implementation of the WTO SPS Agreement.

The STDF research focused on the implementation of SPS measures for specific products and concentrated on a group of countries in Southern Africa and South-East Asia. A number of procedural obstacles associated with SPS measures were identified over the course of the research, including: complex and lengthy procedures; excessive or duplicate document requirements; high formal and informal fees; lack of transparency; arbitrary and unpredictable behaviour of officials; repeated or redundant border inspections and long waiting times. The research backs up findings of the World Bank's Logistics performance Indicators report, which suggests that agencies responsible for implementing SPS controls are falling behind customs and other border agencies in modernizing their procedures, and need to catch up.

Recommendations include simple reforms (i.e. «low-hanging fruit») that can be carried out on a priority basis. Improved transparency and fewer, more uniform document requirements can easily reduce waiting times at borders. Adjusting the frequency of SPS inspections to the level of risk presented by specific products and/or traders can make SPS controls more efficient and optimise resource allocation. Incentive structures should be reformed, so that unnecessary regulatory activity is not rewarded with revenue. Other recommended schemes (e.g. Coordinated Border Management initiatives, Electronic Single Window systems and One Stop Border Posts) will require more time and resources. and should be a longer-term target for governments.

Participating countries are actively implementing the recommendations of STDF's research. The Government of Lao PDR, for example, is making use of a Multi-Donor Trust Fund, managed by the World Bank, to run a SPS Legal Reform and a Non-Tariff Measures Project. Botauthorities are recommended to use the opportunities generated by recent Trade Facilitation projects and programmes to garner more political support and raise additional funds for SPS border management reforms.

The STDF is a global partnership between the WTO, the FAO, the OIE, the World Bank and the WHO. It supports building SPS capacity in developing countries as a means to improve their human, animal and plant health status and ability to gain and maintain access to markets. Further information on the STDF research, including regional and country reports, is available here: http://www.standardsfacility.org/facilitating-safe-trade

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REVIEW OF MARITIME TRANSPORT 2014 PUBLISHED BY UNCTAD

Special chapter on Small Island Developing States (SIDS).

Maritime transport is the backbone of international trade and the global economy. Around 80 per cent of global trade by volume and over 70 per cent of global trade by value are carried by sea and are handled by ports worldwide. These shares are even higher in the case of most developing countries.

UNCTAD's Review of Maritime Transport has since 1968 provided coverage of key developments affecting international seaborne trade, shipping, the world fleet, ports, freight markets, and transport-related regulatory and legal frameworks.

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Chapter 1: Seaborne Trade

Reflecting a stumbling growth in the world economy, the growth in world seaborne shipments decelerated over the previous year and averaged just 3.8 per cent in 2013. In line with this growth the volume of international seaborne trade totaled nearly 9.6 billion tons.

Chapter 2: The world fleet

The 2014 issue of the Review of Maritime Transport introduces a novel analysis regarding the ownership of the fleet which draws a distinction between the concept of the "nationality of ultimate owner" and the "beneficial ownership location".

Chapter 3: Freight rates

2013 was marked by another gloomy and volatile maritime freight rates market: all shipping segments suffered substantially. The general causes of freight rates' low performance were mainly attributable to the poor world economic development, weak or hesitant demand and persistent supply overcapacity.

Chapter 4: Seaports

With world container port throughput increasing by an estimated 5.6 per cent to 651.1 million TEUs in 2013, the share of port throughput for developing countries increased by an estimated 7.2 per cent. Asian ports continue to dominate the league table for port throughput and for terminal efficiency.

Chapter 5: The legal and regulatory developments

As regards regulatory developments relating to environmental and related issues, additional guidelines to support the implementation of a set of technical and operational measures to increase energy efficiency and reduce GHG emissions from international shipping have been adopted by IMO.

Chapter 6: Small islands face special challenges

A special chapter of this year's Review of Maritime Transport focuses on challenges faced by the world's Small Island Developing States (SIDS), in line with the United Nations declaration of 2014 as the "Year of SIDS". The maritime transport services connecting SIDS to global trade networks face severe structural, operational and development obstacles. Remoteness from main global trade routes constitutes a major disadvantage in terms of cost and time, but also quality and frequency, of services that access international markets.

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PUBLICATIONS

New UNECE recommendation on "Best Practices in Trade and Government Consultation on Trade Facilitation Matters"

The purpose of this recommendation is to advise governments and the business community on how to approach effective consultations that will be flexible, transparent, fair, accountable and participatory. The United Nations Centre for Trade Facilitation and Electronic Business encourages governments to develop a consultative approach for trade facilitation that is inclusive of trade and government stakeholders. This approach must include a process by which the interests of all concerned parties may be voiced and addressed on a continuum.

http://www1.unece.org/cefact/platform/down-load/attachments/52527344/141024+Rec40+ Consultation+Measures+Final+after+Public+R eview.pdf

The role of container shipping and logistics in enhancing trade and economic growth in China

Technical report by Maersk

This study examines the importance of maritime container transport and logistics for China's trade and economic growth. It concludes that China's maritime container transport is unique on a global scale and has contributed substantially to China's trade -induced economic growth. It further concludes that I ogistics performance constitutes a barrier for China's competitiveness and future development.

http://www.maersk.com/en/the-maersk-group/ sustainability/~/media/90CB21A1C49E4335BD0 1D79732E397E3.ashx

Volume 16, Issue 4 of Maritime Economics and Logistics

Economics at your fingertips

This issue includes articles on the following topics: Bunker purchasing, trade and customs compliance, maritime policy, time at ports and ship emissions at ports among others.

http://mel.iame.info

Volume 41, Issue 7 of Maritime Policy and Management

Journal of international shipping and port research

This issue includes articles on the following topics: shipping freight markets, spillover effects, risk analysis, dealing with uncertainty and forecast horizon among others.

http://mpm.iame.info

Update of the UNCTAD Technical Notes on Trade Facilitation Measures

UNCTAD has started progressively updating the UNCTAD Technical Notes on Trade Facilitation according to the final text to the WTO Agreement on Trade Facilitation (TFA).

The aim is to guide developing and leastdeveloped countries on the legal and technical issues related to the implementation of the TFA.

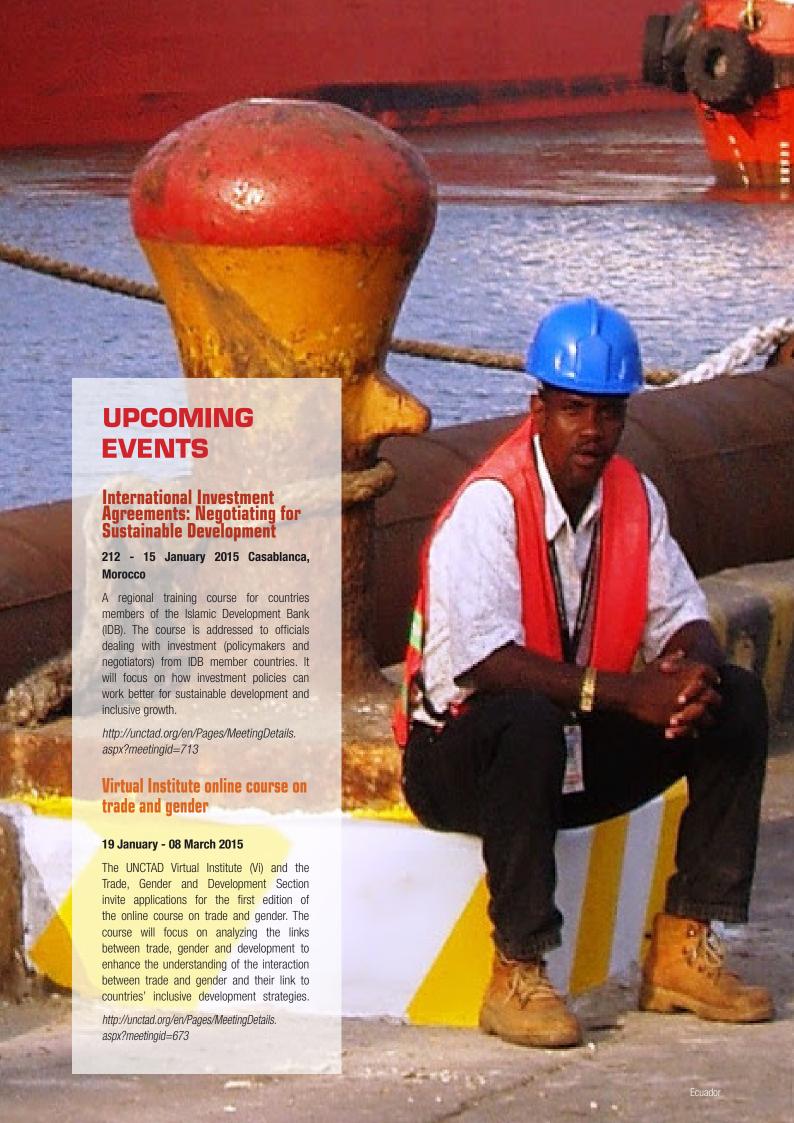
These technical notes are available at the following link: http://unctad.org/Technical-notes

The Bali Trade Facilitation Agreement and Rulemaking in the WTO: Milestone, Mistake or Mirage?

The TFA is noteworthy

The Agreement on Trade Facilitation (TFA) embodies the first set of new multilateral rules to have been negotiated under auspices of the WTO since the launch of the Doha Development Agenda, part of a small package of decisions centering on matters of interest to developing countries that was "harvested" from the broader Doha round. This paper analyzes the outcome of the trade facilit ation talks, assesses the role of the epistemic community that provided information to negotiators and reflects on the lessons and possible implications of the TFA experience for the prospects for new rule - making and cooperation on regulatory matters in the WTO. The TFA illustrates both the potential and the difficulty of negotiating generally applicable stand - alone agreeents in the WTO and demonstrates the importance of issue linkage in achieving cooperation in trade policy matters.

cadmus.eui.eu/bitstream/handle/1814/33031/ RSCAS_2014_102.pdf?sequence=1





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