

# TRANSPORT & TRADE FACILITATION NEWSLETTER

TRADE LOGISTICS BRANCH, DIVISION ON TECHNOLOGY AND LOGISTICS

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Fostering economic efficiency, improving governance

## TRADE FACILITATION PROGRAMME MAKING TRADE EASIER AND FASTER

Since 2014:



35

countries assisted in the process of ratifying the World Trade Organization Agreement on Trade Facilitation

15

countries benefited from UNCTAD assistance in implementing World Trade Organization Agreement on Trade Facilitation

90+

countries covered in the UNCTAD online repository of national trade facilitation bodies: <http://unctad.org/tfc>

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# MINISTERIAL PANEL DISCUSSES POLICIES TO BOLSTER COMPETITIVENESS, IMPROVE GOVERNANCE AND ENHANCE REGIONAL INTEGRATION

## A high-level panel on trade facilitation discussed opportunities and challenges for developing countries associated with the implementation of the WTO Trade Facilitation Agreement

The panel was part of the UNCTAD@MC10 series of side events carried out jointly with the Government of Kenya that took place from 15-17 December 2015 in Nairobi, back-to-back to the 10th WTO Ministerial conference.

The round-table discussion examined the policies that are necessary for developing countries to reap the full development benefits from trade facilitation reforms.

A key message that came out of the discussions was that the WTO Trade Facilitation Agreement represents an opportunity for developing countries to enhance trade competitiveness, modernization of the public sector, and regional integration.

The panel was moderated by Christian Doeppen, Publishing Director and Editor-in-Chief of the International Transport Journal (ITJ).

“Trade Facilitation implementation is good for trade. It is particularly relevant for the participation of developing countries in global value chains, trade in manufactured goods, and regional integration.

Small and medium enterprises, and perishable and intermediate goods sectors in least developed and landlocked developing countries may benefit particularly from reduced transaction costs and times.

Unlike large multinational corporations - who often have their own resources to develop solutions to their operational bottlenecks all over the world - SMEs depend on solutions provided by their public administrations”.

Mukhisa Kituyi  
Secretary-General of UNCTAD

### Panelists:

- Mukhisa Kituyi, Secretary-General, UNCTAD
- Engr Khurram Dastgir Khan, Federal Minister for Commerce, Pakistan
- Amelia Kyambadde, Minister of Trade, Industry and Cooperatives, Uganda
- Arancha Gonzalez, Executive Director, International Trade Centre (ITC)
- Frank Matsaert, Chief Executive Officer, TradeMark East Africa (TMEA)
- Chris Welsh, Secretary-General, Global Shippers' Forum (GSF)
- Erastus Mwencha, Deputy Chairperson of the African Union Commission



Participants at the Ministerial roundtable entitled: Reaping Benefits through Trade Facilitation

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# REAPING BENEFITS FROM TRADE FACILITATION

**This policy brief examines the potential impact that trade facilitation reforms can have on trade competitiveness and development, including a number of specific Sustainable Development Goals (SDGs), and on revenue collection and other public policy objectives. It identifies the policies necessary for developing countries to reap the full development-related benefits of trade facilitation reforms.**

The Agreement on Trade Facilitation (TFA) of the World Trade Organization (WTO), reached in Bali, Indonesia in 2013, represents a great opportunity for developing countries. Experience shows that trade facilitation reforms improve a country's trade competitiveness and enhance its revenue collection. What is more, they can help advance development goals such as strengthening governance and formalizing the informal sector. In addition, since many trade facilitation-related challenges and solutions are regional, the implementation of such solutions can boost regional integration.

This policy brief examines the potential impact that trade facilitation reforms can have on trade competitiveness and development, including a number of specific Sustainable Development Goals (SDGs), and on revenue collection and other public policy objectives. It identifies the policies necessary for developing countries to reap the full development-related benefits of trade facilitation reforms. UNCTAD's research and experience with technical assistance programmes have shown that trade facilitation reforms should be comprehensive and ambitious. Trade facilitation should also be linked to investments in transport infrastructure and other trade-supporting services. Given the linkages between trade facilitation reforms and implementation capacities, development partners need to focus their support on the most vulnerable economies, making full use of the promises and possibilities for technical assistance provided by the TFA.

## A. Trade facilitation: Why it matters for global trade

### Global trends in trade and logistics

Numerous studies have estimated the positive impact of the TFA on global trade and income. As trade has become more liberalized, other obstacles to trade have gained importance, and in today's trade logistics context, facilitation has become more important than ever. The inclusion of trade facilitation in the WTO agenda reflects a number of specific trends in international trade and logistics, as follows:

1) There is increased trade in manufactured goods, including imports and exports from developing countries, which are no longer merely providers of raw materials, but increasingly import raw materials and intermediate goods to produce manufactured goods for export. The share of developing countries in global imports has more than tripled since 1970. A trade facilitation measure such as advance rulings (article 3 of the TFA) is more important for manufactured goods than raw materials. For example, when a smart watch was first taken across a border and a customs officer had to decide whether it was jewellery or a watch, computer or toy, the importer would have appreciated having a binding advance ruling at hand.

2) Trade is increasingly a part of global value chains. Businesses trade more and more in intermediate goods, with a growing share of intra-company trade. In logistics expenditures, companies increasingly spend on transport and reduce expenditures on inventory holdings. This is because deliveries are increasingly planned to be just in time, and waiting times at borders need to be either non-existent or predictable, at least. In this context, any trade facilitation measure that helps in understanding and speeding up processes, such as pre-arrival processing or publication of average release times, is increasingly important for a country's participation in global value chains.

3) Regional integration crucially depends on facilitation of cross-border trade and, at the same time, many cross-border operations depend on cooperation between neighbouring countries. One advantage of the multilateral TFA is that it can help regional integration without requiring a spaghetti bowl of regional trade agreements.

4) In parallel to growing intraregional trade, there is also diversification in trading partners, including intensifying South-South trade. The more that businesses want to sell and source abroad, the more they benefit from trade facilitation measures such as publication on the Internet or the use of international standards. The TFA helps on the following three counts: measures such as publication on the Internet (article 1.2) help businesses to obtain information globally; article 10.3 stipulates that countries should

use international standards; and the TFA in itself helps to standardize terminologies and expectations with regard to border procedures.

5) Available technologies: Points 1) to 4) illustrate the growing demand for trade facilitation; such facilitation also benefits from the supply of new tools. Measures such as customs automation, electronic documents and single window are all easier to implement today than when trade facilitation negotiations started at WTO a decade ago. One technology deserves special mention: the container. Recent studies have shown that the introduction of containerization has had a greater impact on trade growth than trade liberalization. Incorporating a country's position in the container shipping network significantly improves the predictive power of trade models. Yet the benefits of containerization are lost if a lack of trade facilitation interrupts their movement, through the breaking of seals or reloading of content.

### Which measures matter most?

Since early 2014, WTO members have been notifying to the WTO their trade facilitation measures under category A, which contains "provisions that a developing country member or a least developed country member designates for implementation upon entry into force of this Agreement, or in the case of a least developed country member within one year after entry into force". By mid-November 2015, a total of 73 developing countries had notified their category A provisions to the WTO. An analysis of the number of category A measures notified by country shows that a close correlation exists between the implementation levels of different TFA articles and indicators for trade, trade efficiency and income. While a statistical correlation does not in itself prove any causality, the data suggest that implementing article 2 on consultations and article 6 on fees and charges have a stronger bearing on a country's Doing Business indicator for trading across borders than, for example, article 4 on procedures for appeal or review.

The statistical correlation is also an indicator of another causality: category A notifications are positively correlated with a country's gross domestic product per capita, which

points to linkages between a country's level of development and its trade facilitation implementation capacity. Put differently, there exists a dynamic feedback whereby more developed countries find it easier to implement trade facilitation reforms and, at the same time, having implemented such reforms, are able to enhance their development, revenue collection and trade competitiveness.

## B. The development dimension

### Human, institutional and enterprise development

Trade facilitation reforms are positive steps towards human and institutional development. They help small traders enter the formal sector, make economic activities more transparent and accountable, promote legal reforms, strengthen information technology capabilities and generally help modernize societies. Specific trade facilitation measures such as inter-agency coordination, right of appeal and establishment of enquiry points often form a part of national reforms not only in the context of international trade, but also in broader public sector modernization programmes that aim at, for example, e-governance or reforms of the legal system.

### Protection of public interest

Trade facilitation and protection of the public from lost revenues or health hazards are complementary policy objectives. A large number of specific trade facilitation measures help both the ease of doing business and the fight against counterfeit trade, smuggling and undervaluation (which costs revenue). Measures such as advance information, post-clearance audits, authorized economic operators and risk assessments not only reduce the need for physical inspections but also increase the likelihood of detecting fraud.

### Trade facilitation and the Sustainable Development Goals

Many measures in the TFA have a direct link with the recently adopted SDGs. For example, article 1 covers the publication and availability of information on import, export and transit procedures; a country that complies with article 1 may thus be closer to achieving SDG target 16.10, which, inter alia, aims at ensuring public access to information. Another example is article 5 of the TFA, which, inter alia, requires Governments to publish certain announcements in a non-discriminatory and easily accessible manner; this is more easily achieved if traders have access to the Internet, as stipulated in SDG target 9.c. In addition, article 6 of the TFA includes the requirement to avoid conflicts

of interest in the assessment and collection of penalties and duties, which can help to reduce corruption and bribery, covered by SDG target 16.5. Finally, many trade facilitation measures directly help informal businesses to better participate in foreign trade, thus supporting SDG target 8.3 on the formalization and growth of micro, small and medium-sized enterprises.

## C. Policy implications

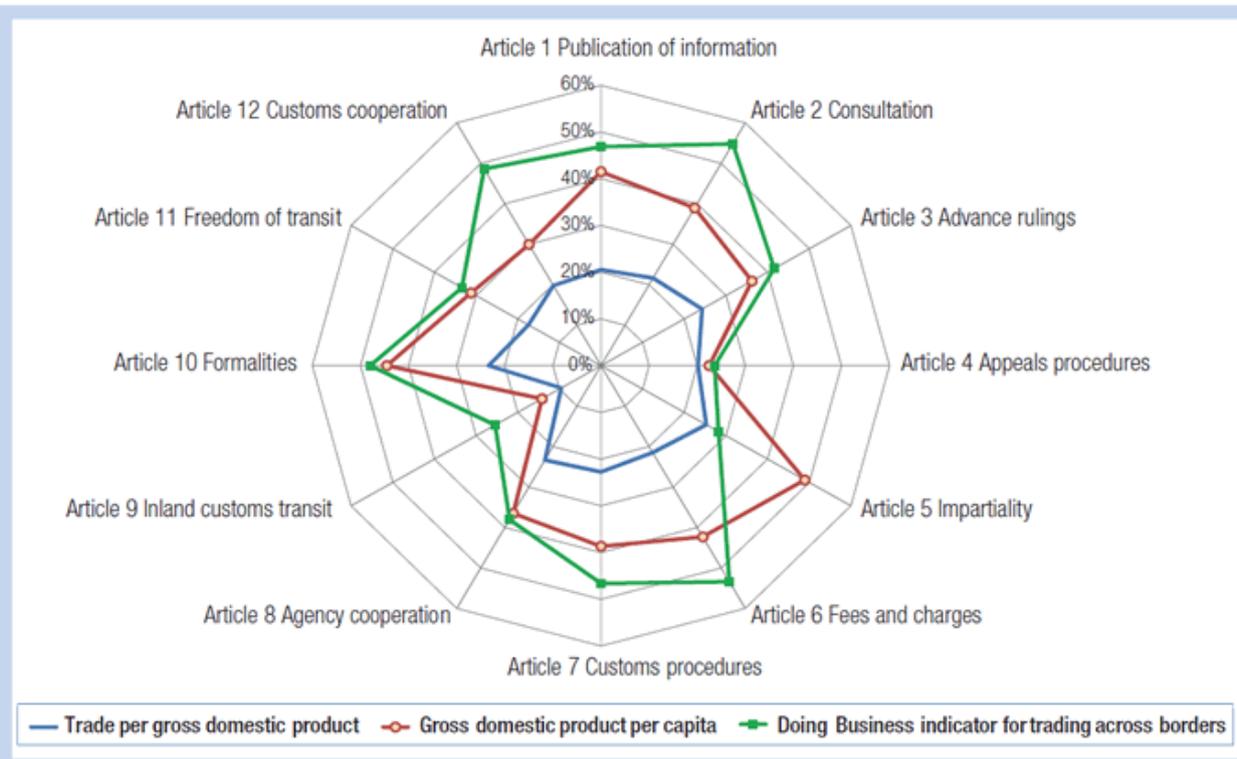
### Targeting improvements in trade competitiveness

Policymakers need to mainstream trade facilitation into their overall trade policies. Different trade facilitation measures are relevant for different types of trade. Some are more relevant for imports, others for exports. Some target reefer cargo such as fruit or meat, others are more relevant for global value chains and still others are of particular interest to small and medium-sized enterprises. There are also important linkages between different measures and implementation needs in planning for the appropriate sequence of reforms.

### Targeting sustainable development

Policymakers that aim at achieving SDGs should keep in mind that the implementation

## Agreement on Trade Facilitation: Implementation and trade, gross domestic product per capita and Doing Business indicator for trading across borders



of many specific trade facilitation measures may be an effective tool towards meeting specific SDG targets. The obligations and international support that come with the TFA are an opportunity to engage in reforms that make economic activities more transparent and help small traders enter the formal sector.

### **National trade facilitation committees**

A starting point for many of the necessary reforms is a functioning national trade facilitation committee. There is a need for coordination among the public and private sectors and among users and providers of trade-supporting services. Having such a committee in place is an obligation under article 23 of the TFA, and policymakers and the international community should include its creation and strengthening in the first steps towards full implementation of the TFA.

### **Particular challenges for the least developed countries**

The least developed countries need greater assistance than middle-income developing

countries in this field. The challenge for development partners is to design their implementation assistance in a manner that ensures that aid and efforts go to the countries that need them the most. This must be a coordinated effort by all development partners, to avoid both gaps and overlaps.

### **UNCTAD technical assistance**

UNCTAD has extensive expertise and experience in the area of trade facilitation, dating back to its mandate from the Final Act of the first session of the United Nations Conference on Trade and Development in 1964, which recommended that UNCTAD “promote, within the United Nations family, arrangements [for] intergovernmental action for research into improved marketing techniques, the organization of trade fairs, the dissemination of market intelligence and the simplification of formalities relating to customs procedure, commercial travel, etc.”. Over the past fifty years, the work of UNCTAD in trade facilitation has taken a variety of forms, constantly adjusting to the needs and priorities of its diverse membership.

One example is the Expert Working Group on Trade Efficiency, whose work led to the adoption of the Ministerial Declaration on Trade Efficiency in Columbus, Ohio, in 1994. This declaration, in turn, was instrumental to the inclusion of trade facilitation in the agenda of the first WTO Ministerial Conference, held in Singapore in 1996. Today, the UNCTAD trade facilitation package includes support for TFA implementation along with broader, more ambitious transit, transport and trade facilitation reforms. Specific products cover customs automation, non-tariff measures, port training, trade portals and transit.

Access the whole document here: <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1154>

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## **UNCTAD AND TRADEMARK EAST AFRICA SIGN FINANCING AGREEMENT TO SUPPORT TRADE PORTALS, TRADE FACILITATION AND TRADE AND GENDER ISSUES IN THE EAST AFRICAN COMMUNITY (EAC)**

**Following the signing of the Memorandum of Understanding in July 2015, UNCTAD and TradeMark East Africa (TMEA) agreed to deepen their cooperation. With financing from TMEA, the two institutions will jointly implement a number of concrete projects for the benefit of the members of the EAC**

The activities to be implemented over the next two years will support the implementation of the WTO Trade Facilitation Agreement, trade portals to increase the transparency of foreign trade procedures and capacity building to enhance the role of women in cross border trade in the EAC. The joint project will cover national and regional activities.

The agreement was signed during UNCTAD @MC10 side event on “Reaping the Benefits from Trade Facilitation” in Nairobi, Kenya.

It was signed by UNCTAD’s Secretary-General Mukhisa Kituyi and the Chief Executive Officer of TradeMark East Africa, Frank Matsuert.



From Left: Mr. Frank Matsuert and Dr. Mukhisa Kituyi

# GERMANY TO FINANCE A TWO-YEAR PROJECT ON TRANSPARENT TRADE PROCEDURES IN WEST AFRICA

**UNCTAD's work with West African countries gains momentum thanks to German support of a new ambitious capacity building project for Nigeria, Mali and Benin**

Late November 2015 UNCTAD and the German Federal Ministry for Economic Cooperation and Development (BMZ) represented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) signed an Agreement whereby Germany grants the total of EUR 950.000,00 for the project "Transparent Trade Procedures in the region of the Economic Community Of West African States (ECOWAS)".

The project aims at creating and making operational online Trade Portals that will clearly describe export, import and transit procedures in the recipient three priority countries of Nigeria, Mali and Benin all of which are WTO Members. Main benefits for the recipient countries will include: 1) capacity building and creation of a basis for institutional level commitments of the

governments concerned; 2) transparency and simplification of international trade procedures; 3) promotion of public awareness of their trade-related rules and procedures, as well as stimulation of public-private dialogue thereon, and 4) creation of an online regional Trade Facilitation Index as a source for benchmarking procedures and highlighting regional best practices.

As a result, recipient countries will be able to comply with some of their obligations under the WTO Trade Facilitation Agreement (TFA), and will have their National Trade Facilitation Committees strengthened.

The project is planned to run for over a two year period with the implementation phase starting in early 2016.

"UNCTAD greatly appreciates the German support to our efforts in West Africa," said UNCTAD Secretary-General, Dr. Mukhisa Kituyi. "We believe the successful realization of such WTO TFA measures as, for instance, Publication, and Availability of Information (Art.1) or Opportunity to Comment, Information before Entry into Force and Consultations (Art.2) and, thus, encourage the Agreement's further implementation across the region," he added.

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## KELEBOGILE'S VOCATION: HELPING HER COUNTRY TO MODERNIZE AND DIVERSIFY ITS TRADE

**Kelebogile Maureen Lekaukau, the second of seven children, grew up with three brothers and three sisters. Their parents were teachers, and so she learned early in life to value knowledge and an education. When Kelebogile went to university, she earned her bachelor's degree in economics and a master's degree in trade in the United States of America. She knows very well what a challenge it is for trade to drive development in a landlocked country like hers: Botswana.**



Kelebogile (Left) with Ms Opelo Kanyama (Ministry of Industry and Trade) and Mr Gofaone Gabositwe (Botswana Unified Revenue Service)

Kelebogile Maureen Lekaukau has made good use of that education. Most recently, in November 2015, as part of a visit to see first-hand how international trade takes place, Kelebogile joined several colleagues at the border-crossing post with neighbouring South Africa.

The visit followed a training workshop on trade facilitation. While her colleagues from the Botswana Unified Revenue Services - the country's customs authority - explained trade facilitation processes and collaboration within the Southern African Customs Union, Kelebogile listened attentively. She has a vocation: she wants to help her country to modernize and diversify its trade.

On the path to that visit, Kelebogile went through many steps.

She first learned about UNCTAD during her university studies. Years later, she had the privilege to represent her country as a delegate at different multilateral forums in Geneva, Switzerland. Participating in various meetings and negotiations at the World Trade Organization and UNCTAD, she was able to see how the multilateral system worked in practice.

She joined the 2003 Almaty and 2014

Vienna processes for landlocked countries, processes relevant to a country such as hers, with no direct access to the ocean.

She was involved in the preparations for UNCTAD XIII (2012), the ministerial conference held every four years.

She also took part in the early stages of the World Trade Organization's negotiations on trade facilitation - which since then resulted in the 2014 Agreement on Trade Facilitation in Bali, Indonesia.

Kelebogile is a woman with clear ideas. "The Agreement on Trade Facilitation and the Vienna process are very much tied together", she says. In fact, she formally requested UNCTAD support for Botswana's trade facilitation programme prior to a meeting for landlocked developing countries in Mongolia. During that meeting in early 2014, Poul Hansen, an UNCTAD expert on transit and trade facilitation, "responded so quickly" to the request for assistance, she enthusiastically points out.

Botswana has since then become one of the first African countries to ratify the World Trade Organization's Agreement on Trade Facilitation. That work was led by the Technical Committee on Trade Facilitation of

Botswana, which Kelebogile chairs as part of her functions at the Ministry of Trade and Industry. "Thanks to UNCTAD, meaningful progress has been achieved on the Agreement on Trade Facilitation obligations... UNCTAD deserves a lot of credit for the advances Botswana has made so far", she says.

Her expectations are not that the United Nations body would do the work for Botswana, but rather to help build up the country's capacity, so that Botswana can implement its multilateral commitments itself. Apart from trade facilitation, Kelebogile wants to strengthen her collaboration with UNCTAD in a number of areas, including trade in services, trade policies and Aid for Trade.

She is pleased to see how trade facilitation in Botswana has improved over the last years, but she also realizes that there is room for much more work and is counting on UNCTAD to continue its collaboration. She can count on that.

*Other UNCTAD Success Stories can be found here: [bit.ly/1MV5CQW](http://bit.ly/1MV5CQW)*

# SUDAN STRENGTHENS ITS CAPACITY TO CARRY OUT TRADE FACILITATION REFORM

The Sudanese Trade Facilitation Committee agreed on an action plan to implement trade facilitation reforms. They will be assisted by UNCTAD, the World Customs Organization and the United Kingdom.

UNCTAD, the World Customs Organization, the United Kingdom's tax and customs authority and Sudan's National Trade Facilitation Committee held a two-day trade facilitation workshop in Khartoum, from 2 to 3 December 2015.

Close to 100 representatives from government trade agencies and private trade associations attended the workshop. They worked together to update the National Trade Facilitation Plan UNCTAD had developed with the government in 2013, and to devise a strategy to move forward with implementing the World Trade Organization's Trade Facilitation Agreement in the country.

***"Our impression is that it was one of the most successful workshops on trade facilitation held in Sudan because it came out with concrete outcomes."*** Mr. Ali Adam, Chair of Sudan National Trade Facilitation Committee

The strategy will leverage UNCTAD's experience strengthening National Trade Facilitation Committees and the World Customs Organization's tools for customs modernization. While UNCTAD will organize a series of capacity building workshops next year for the National Trade Facilitation Committee, the World Custom's Organization will work with customs and other appropriate agencies at the border to put in place necessary reforms.

Sudan's National Trade Facilitation Committee was established in 2009 to coordinate the work of border agencies and put in place trade facilitation measures based on international standards.

Although Sudan is not yet a member of the World Trade Organization, the country is committed to implementing the provisions included in the Trade Facilitation Agreement.

This work is being carried out by UNCTAD and the World Customs Organization as part of their joint three-year capacity building project, funded by the United Kingdom. The project's objective is to help developing countries, in particular least developed countries, to implement the World Trade Organization's Trade Facilitation Agreement.



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Sudanese Trade Facilitation stakeholders working in the update of the National Trade Facilitation Implementation Plan

# THE INTERNATIONAL BALLAST WATER MANAGEMENT CONVENTION 2004 IS SET TO ENTER INTO FORCE IN 2016

## Introduction

As seaborne trade continues to grow, with more than 50,000 merchant ships trading internationally, approximately 3-5 billion tons of ballast water per year are being transferred globally by ships.<sup>1</sup> Along with this growth, the risk of introduction and proliferation of non-native species following the discharge of untreated ships' ballast water - one of the major threats to biodiversity, increases as well. Indeed, the spread of invasive species is now recognized as one of the greatest threats to the ecological and the economic wellbeing of the planet.<sup>2</sup> Even though ballast water is essential to ensure safe operating conditions and stability for vessels at sea, it often carries with it a multitude of marine species, which may survive to establish a reproductive population in the host environment - becoming invasive, out-competing native species, multiplying into pest proportions, and potentially bringing devastating consequences.

In February 2004, the *International Convention for the Control and Management of Ships' Ballast Water and Sediments* (BWM Convention),<sup>3</sup> was adopted by consensus at a Diplomatic Conference held under the auspices of the International Maritime Organization (IMO), to prevent, minimize and ultimately eliminate the risks to the environment, human health, property and resources arising from the transfer of harmful aquatic organisms carried by ships' ballast water from one region to another. Several related resolutions were also adopted at the Diplomatic Conference,<sup>4</sup> and since then, a number of guidelines and other instruments have been developed by the IMO to encourage the uniform implementation of the Convention.<sup>5</sup>

The issue of ballast water management is clearly linked with sustainable development and activities and practices of various UN agencies. The BWM Convention is part of the general IMO regulatory strategy regarding ship safety, cleaner seas and internationally agreed upon standards. Its Preamble refers to the 1992 United Nations Conference on

Environment and Development (UNCED) and its request that IMO develop rules on ballast water discharge; the need for a precautionary approach in accordance with Principle 15 of the Rio Declaration on Environment and Development; States' obligations under UNCLOS to prevent the spread of alien species; the conservation and sustainable use of marine biodiversity and marine and coastal ecosystems under the Convention on Biological Diversity (CBD) and related instruments; and the 2002 World Summit on Sustainable Development (WSSD). As highlighted by the United Nations Secretary-General in his remarks on the occasion of World Oceans Day 2015, oceans "are an essential element in our emerging vision for sustainable development, including the new set of sustainable development goals now being prepared to guide the global fight against poverty for the next 15 years".<sup>6</sup> Also worth noting in this context is a recent resolution by the United Nations General Assembly (A/69/L.65) deciding to develop an internationally legally binding instrument under UNCLOS on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction.

The BWM Convention is set to enter into force twelve months after the date on which no fewer than 30 States, the combined merchant fleets of which constitute not less than 35 per cent of the GT of world merchant shipping, have become Parties to it. During the 29<sup>th</sup> Assembly of the IMO held in November 2015, three States - Morocco, Indonesia and Ghana - submitted their instruments of accession to the BWM Convention, bringing the number of Contracting States to 47. The BWM Convention had for some time fulfilled the required number of ratifications, but although it remained close to fulfilling the remaining criteria (tonnage) for its entry into force, it had not yet reached the required 35 per cent mark. After the latest ratifications, the percentage has already come very close to that figure. Subject to IMO's recounting of the world gross tonnage based on the latest figures as of the date of ratification, and its formal confirmation, the BWM Convention will enter into force from 24 November 2016.

## The main requirements of the BWM Convention

The BWM Convention applies to all vessel types operating in the aquatic environment, designed to carry ballast water and entitled to fly the flag of a State Party to the Convention.<sup>7</sup> It requires all vessels: to have on board and implement a Ballast Water Management Plan (Regulation B-1, Annex - Section B), which also provides for sediment management (Regulation B-5, Annex - Section B); to have on board a Ballast Water Record Book detailing each ballast operation (Regulation B-2, Annex - Section B); and to carry out ballast water management procedures to certain standards (Regulation A-2, Annex - Section A). In accordance with ships' type, size, and in particular, their ballast water capacity, the BWM Convention provides for two ballast water management (BWM) standards: the ballast water *exchange* (BWE) standard and the ballast water *performance* (BWP) standard.

Ships are required to initially comply with the BWE standard, and must do so with an efficiency of at least 95% volumetric exchange of ballast water (Regulation D-1, Annex - Section D). Ships must also carry out such operations, whenever possible at least 200 nautical miles from the nearest land and in water at least 200 meters in depth. If this is not possible, then, in all cases the exchange should take place at least 50 nautical miles from the nearest land and in water at least 200 meters in depth; or in areas designated by Contracting States for such purposes (Regulation B-4, Annex - Section B). This is based on the premise that organisms that may be present in ballast water taken on board from coastal waters will not survive when discharged into deep oceans or open seas, due to different temperatures, salinities and chemical compositions of these waters. BWE is only a temporary measure, as the BWM Convention ultimately requires all ships to be equipped with a ballast water management (BWM) system that can comply with the BWP standard. To this end, all ballast water must be treated to ensure that less than 10 viable organisms per cubic meter greater than 50 micrometers and less than 10 viable organisms per milliliter between 10-50 micrometers is discharged. In addition,

1 See *Ballast Water Management Convention So Close...24* November 2015. Available at <http://bit.ly/1Jz2jV>

2 See the IMO website at <http://bit.ly/1JSE5B>

3 For the text of the BWM Convention, and its Regulations contained in the Annex, Sections A-E, see <http://bit.ly/1OQRUjg>

4 Conference resolution 1: Future work by the Organization pertaining to the International Convention for the Control and Management of Ships' Ballast Water and Sediments; Conference resolution 2: The use of decision-making tools when reviewing the standards pursuant to Regulation D-5; Conference resolution 3: Promotion of technical co-operation and assistance; Conference resolution 4: Review of the Annex to the International Convention for the Control and Management of Ships' Ballast Water and Sediments.

5 For a list of these instruments as of October 2015, see the IMO website at <http://bit.ly/1PgVSSST>

6 See Message by the United Nations Secretary-General, Ban Ki-moon on World Oceans Day, 8 June 2015. Available at <http://bit.ly/1O6RZCe>

7 This includes submersibles, floating craft, floating platforms FSUs and FPSOs (Article 1 (12), BWM Convention), although the applicable requirements vary.

organisms classed as “indicator microbes” have specific maximum concentrations that must be complied with (Regulation D-2, Annex - Section D). According to the BWM Convention, for ships constructed before 2009, depending on ballast water capacity, the BWE standard is acceptable until 2014 or 2016. Thereafter, ships must meet the BWP standard, i.e. all ballast water will need to be treated.<sup>8</sup> Ships constructed in or after 2009, but before 2012, with a ballast water capacity of 5,000 cubic meters or more, may also meet the BWE standard until 2016. All other ships constructed in or after 2009 must meet the BWP standard (Regulation B-3, Annex - Section B).<sup>9</sup>

BWM systems must be a type approved by the IMO (Regulation D-3, Annex - Section D). In order to comply with the BWM Convention, such systems must be approved by a State’s administration, taking into account guidelines (G8)<sup>10</sup> developed by the IMO. In addition, BWM systems which make use of Active Substances to comply with the BWM Convention shall be approved by the IMO in accordance with its procedure (G9)<sup>11</sup> (Regulation D-3, Annex - Section D). Upon entry into force of the BWM Convention, vessel owners will have five years to install compliant BWM systems (Regulation D-4, Annex - Section D). Ships will also need to be surveyed in order to obtain an International Ballast Water Management Certificate (Regulation E-1, Annex - Section E). In this context, it is also important for shipowners, operators and other parties concerned, to understand the requirements and procedures for ballast water sampling<sup>12</sup> so that they are prepared for ballast water inspection by port authorities of other States to ensure compliance with the BWM Convention.<sup>13</sup>

8 In general, ballast water treatment technologies fall into two groups: separation technologies or disinfection technologies.

9 For the latest IMO implementation schedule of IMO discharge standards, see A 28/Res.1088, adopted on 4 December 2013 (currently being amended).

10 *Guidelines for approval of ballast water management systems* (G8). Resolution MEPC.174 (58). There are currently over 50 such systems which have already received IMO approval.

11 *Procedure for approval of ballast water management systems that make use of active substances* (G9). Resolution MEPC.169(57). This procedure consists of a two-tier process – Basic and Final Approval – to ensure that the ballast water management system does not pose unreasonable risk to the environment, human health, property or resources.

12 Guideline G2 adopted in 2008, addresses general sampling procedures for all parties, including Port State Control officers, to determine if a ship is in compliance with the BWM Convention. In addition, in May 2013, the MEPC approved Circular BWM.2/Circ.42 that provides general recommendations on methodologies and approaches to sampling and analysis for compliance testing for the D-1 and D-2 standards.

13 Article 9 of the BWM Convention provides that ships to which it applies may in any port or offshore terminal of another Party, be subject to inspection by officers duly authorized by that Party for the purpose of determining whether the ship is in compliance with the Convention. For a general overview of the BWM Convention, see *The 2004 Ballast Water Management Convention - with international acceptance growing, the Convention may soon enter into force*. Transport Newsletter No. 50, Second Quarter, 2011. Available at [http://unctad.org/en/Docs/webdtltb20113\\_en.pdf](http://unctad.org/en/Docs/webdtltb20113_en.pdf).

## Developments at the International Maritime Organization

Pending the entry into force of the BWM Convention, international efforts at IMO on refining the relevant regulatory framework and technologies have continued, aiming at further increasing the efficacy of IMO approved BWM systems and the robustness of the relevant guidelines. Such work has mainly taken place in the Marine Environmental Protection Committee (MEPC), on a wide range of BWM issues, with the active participation of most IMO Member States, IGOs and NGOs.<sup>14</sup> For instance, just before the 66<sup>th</sup> session of the MEPC in March 2014, the International Chamber of Shipping (ICS), representing the position of merchant shipowners and operators, submitted a position paper<sup>15</sup> expressing concern “about the lack of the robustness of the current IMO type-approval process for the new treatment equipment that will be required, as well as about the development of the criteria to be used for sampling ballast water during port State control inspections.” ICS’s position was that “it cannot actively encourage additional IMO Member States to ratify the BWM Convention until there is confidence that the new treatment equipment will actually work, or that when in operational use it will comply with the standards that IMO has set for controlling unwanted marine micro-organisms.”<sup>16</sup> The ICS paper also suggested that any G8 BWM standards guidelines be subject to a “comprehensive and exhaustive review” and that the guidelines be given a mandatory status, “as soon as possible after the Convention enters into force”. Like INTERTANKO,<sup>17</sup> and the World Shipping Council (WSC)<sup>18</sup> have done,<sup>19</sup> the ICS in its paper also called for a “grandfathering” arrangement, whereby shipowners that had already installed first generation ballast water treatment systems compliant with the IMO’s

14 For further information, see recent BWM Circulars, and reports of the MEPC, available at <https://docs.imo.org/>. See also recent editions of the UNCTAD’s *Review of Maritime Transport*. For these and further information on developments related to ballast water management and ship source pollution, as reflected in UNCTAD’s publications, see the Policy and Legislation Section website <http://unctad.org/en/Pages/DTL/TTL/Legal/Admiralty-Law.aspx>.

15 See *ICS position on ratification of IMO Ballast Water Management Convention, 2004*. Available at <http://bit.ly/1RfH1r>.

16 Following agreement in principle by the IMO to address the various concerns raised by the industry, subsequently, in December 2014, ICS announced that it will no longer actively discourage those governments that have not yet done so from ratifying the Convention. But once the Convention has entered into force, it will be vital that amendments to the Convention, which the industry has requested, are adopted and implemented by governments as soon as possible. See *ICS Changes Position on Ratification by Governments of IMO Ballast Water Management Convention*. 17 December 2014. Available at <http://bit.ly/1wSkM4N>.

17 International Association of Independent Tanker Owners. A representative forum for all tanker owners and managers, that works for safe transport, cleaner seas and free competition. For further information, see [www.intertanko.com](http://www.intertanko.com).

18 A body representing the liner shipping industry. For further information, see <http://www.worldshipping.org>.

19 See for instance documents MEPC 67/2/6, 11 July 2014 and MEPC 68/2/16, 6 March 2015.

G8 Guidelines<sup>20</sup>, would not be penalized for the life of the ship. It also spoke out against “over-zealous” port State control inspections, stating that many perceived problems would be avoided if, as soon as the BWM Convention enters into force, ballast water sampling by port State control authorities were to take place only after “clear grounds for non-compliance had been established.” In this context, potential problems identified include for instance, that ballast water samples taken to monitor regulatory compliance may not be representative of the entire ballast discharge, or that different water types could be mixed due to the operation of multi-use tanks. Failure to properly address them could potentially lead to fines and delays of ships in ports for breach of IMO guidelines.

During its 67<sup>th</sup> session, held in October 2014, the MEPC made progress towards agreeing solutions to most of the concerns identified by the ICS above, in order to make the existing BWM guidelines, processes and equipment more robust. It subsequently adopted:

- Resolution MEPC.252(67) on guidelines for port State control under the BWM Convention;
- A Plan of action for reviewing the guidelines for approval of ballast water management systems (G8); and
- Resolution MEPC.253(67) on measures to be taken to facilitate entry into force of the BWM Convention.<sup>21</sup>

It also agreed on a Road map for the implementation of the BWM Convention,<sup>22</sup> explaining that ships that install BWM systems approved in accordance with the current guidelines (G8), (“early movers”), should not be penalized.<sup>23</sup> The Roadmap invites the MEPC to develop guidance on contingency measures and to expand the trial period associated with the Guidance on ballast water sampling and analysis (BWM.2/Circ.42) into an experience-building phase.

During the same session, a study<sup>24</sup> was initiated on the implementation of BWP standard described in Regulation D-2 of

20 See fn.10, above.

21 See Report of the MEPC on its sixty-seventh session. MEPC 67/20. Annex 1-3.

22 See Report of the Ballast Water Review Group. MEPC 68/WP.8.

23 These solutions identified by IMO Member States will still need to be reflected in changes to the wording of the BWM Convention itself, but this will not be possible until after it actually enters into force. ICS made a further submission to the 68<sup>th</sup> meeting of the MEPC in May 2015 (see document MEPC 68/2/16), regarding the need for clarification of the full meaning of some of the wording stating that “shipowners that have installed type-approved ballast water systems prior to the application of the revised Guidelines (G8) should not be penalized”, and hopes that this can be settled satisfactorily before the BWM Convention enters force.

24 Being conducted by the IMO Secretariat in partnership with the World Maritime University (WМУ).

the BWM Convention.<sup>25</sup> It will assess the implementation of the G8 guidelines and related type approval processes, as well as the performance of approved BWM systems in routine operations on board ships. The study aims to explore the similarities and differences in testing and certification of BWM systems worldwide. An online survey was open to technology manufacturers, shipowners, operators and other actors, until 1 June 2015. It appears that this study, if successful, could bring IMO Member States a step closer to securing a consistent approach to testing BWM systems and applying the guidelines for approval. The final study report is expected to be submitted in the 69<sup>th</sup> session of the MEPC, in April 2016. During the 68<sup>th</sup> session in May 2015, among others, the MEPC developed draft amendments to Regulation B-3 of the BWM Convention (and A 28/Res.1088), to provide an appropriate timeline for ships to comply with the BWP standard prescribed in regulation D-2 of the Convention. These amendments are also expected to be approved at the 69<sup>th</sup> session, with a view to being considered for adoption once the BWM Convention enters into force.<sup>26</sup>

In addition to the significant efforts made by the IMO Member States to establish an international regulatory framework through the BWM Convention and related instruments, many countries and even sub-national jurisdictions have unilaterally developed or are developing national or local legislation,<sup>27</sup> which remains generally consistent with the current IMO Guidelines relating to ballast water management. Such action taken by States will assist in the consistent implementation of the BWM Convention after its entry into force, given also the fact that the IMO does not have direct enforcement power. However, sometimes national rules can impose obligations that are different from or additional to IMO standards.

### Developments in the United States of America

So far, the U.S. has not signed or ratified the BWM Convention. In 2012, the U.S. Coast

<sup>25</sup> Regulation D-2. Ballast Water Performance Standard. See section "The main requirements of the BWM Convention" above.

<sup>26</sup> See Report of the MEPC on its sixty-eighth session. MEPC 68/20.

<sup>27</sup> For more information see, Lloyd's Register Marine. *National ballast water management requirements*. January 2014. Available at <http://bit.ly/1PQ7QH2>

Guard (USCG) announced amendments to its regulations on ballast water management to aid in controlling the introduction and spread of non-indigenous species from ships' ballast water in U.S. waters.<sup>28</sup> A standard for the permitted concentration of living organisms in ballast water discharged from ships in U.S. waters was established, which is consistent with the BWP standard set out in Regulation D-2 of the BWM Convention. At the same time, the USCG also started amending its regulations covering engineering equipment by establishing an approval process for ballast water management systems (BWMS) (analogous to IMO's G8 guidelines).

The amended regulations, which entered into force on 21 June 2012, apply to all non-recreational vessels, both U.S. and foreign, which are equipped with ballast tanks and intend to discharge ballast water into U.S. waters. Therefore it is important that countries and operators trading with the U.S. and/or intending to conduct ballast water operations in U.S. waters, be aware of their latest updates, and how these might affect them, in order to avoid any confusion or uncertainty as regards applicable standards, particularly after the entry into force of the BWM Convention.

The amended USCG regulations require vessels to either install and operate a BWMS approved by the USCG or an alternate management system (AMS), which can be a BWMS approved by a foreign administration pursuant to the standard set out in the IMO BWM Convention; or ballast with water from a U.S. public water system. Once appropriate BWMS are type-approved by the USCG, vessels will no longer be able to install an AMS in lieu of type-approved systems. If using an AMS that was installed prior to the date a vessel is required to comply with the new U.S. requirements,<sup>29</sup> this AMS may be employed for no longer than five years after this date.<sup>30</sup>

<sup>28</sup> Standards for Living Organisms in Ships' Ballast Water Discharged in U.S. Waters. Final Rule. 33 CFR Part 151. Published in the Federal Register on 23 March 2012. Available at <http://1.usa.gov/1mlp5Pp>

<sup>29</sup> See schedule in Table 1 above, which is similar to that established by the IMO in A 28/Res.1088 (currently being amended) only not dependent on the entry into force of the BWM Convention.

<sup>30</sup> For details of the BWM requirements, discharge standards, implementation schedule, equipment approval process as well as the requirements in extraordinary circumstances, see the text of the Final Rule.

Based on the phased-in compliance schedule in the table above, the final step is the compliance date of 1 January 2016 for existing vessels, constructed before 1 December 2013, with a ballast water capacity less than 1,500 m<sup>3</sup> or greater than 5,000 m<sup>3</sup>. Therefore, concerned countries and vessel owners and operators are encouraged to "review and determine the compliance date for their fleet and initiate appropriate actions well before a vessel is in need of conducting ballast water operations in U.S. waters; and in light of the fact that no USCG type-approved BWMS are yet available, and industry players indicate little confidence in other type-approved systems to perform satisfactorily under operational conditions, consider if it is necessary to obtain an extension to a vessel's compliance date."<sup>31</sup>

Thus, the extension of a vessel's compliance date for implementing approved BWMS is possible, and there have been recent updates to the U.S. policy for the extension of such date. In a revised Policy Letter,<sup>32</sup> issued in September 2015, the USCG provided updated guidance to vessel owners and operators, aiming at streamlining the process even further.<sup>33</sup> Changes from the original version include:

- "Removed 5-year limit on a vessel's cumulative extension.
- Vessels that choose to install an alternate management system (AMS), a treatment system approved by foreign administration pursuant to the standard set out in the IMO BWM Convention, may also apply for an extension.
- Simplified application process and document requirements, such as highlighting the option for "batch" applications.
- Removed requirement to provide copy of a vessel's BWM plan. A statement that a vessel has a BWM plan that the vessel will follow for discharges that take place in waters of the US is sufficient.

<sup>31</sup> See *Gard Alert: US Coast Guard ballast water management (BWM) program – reminder*. 3 November 2015. Available at <http://bit.ly/1JwzDSC>

<sup>32</sup> Policy Letter 13-01. Available at <http://bit.ly/1O75u4M>

<sup>33</sup> As of 25 September 2015, more than 2,000 extensions were issued.

Vessel's ballast water capacity (BWC)		Date constructed	Vessel's compliance date
New vessels	All	On or after 1 December 2013	On delivery
Existing vessels	BWC < 1500 m <sup>3</sup>	Before 1 December 2013	First scheduled dry docking after 1 January 2016
	1500 ≤ BWC ≤ 5000 m <sup>3</sup>		First scheduled dry docking after 1 January 2014
	BWC > 5000 m <sup>3</sup>		First scheduled dry docking after 1 January 2016

Table 1. Schedule of implementation for the new ballast water discharge standard for vessels using a USCG approved BWMS (Source - Final Rule, Table 151.1512(b))

- Supplemental extension process has new sub-section to clarify application requirements.
- A vessel's approved extension letter may be transferred to a new owner for the remainder of its extended compliance date.<sup>34</sup>

Another instrument worth noting is a U.S. regulation called the "2013 Vessel General Permit" (VGP)<sup>35</sup> issued by the Environmental Protection Agency (EPA) on 28 March 2013. It became effective on 19 December 2013 and expires on 18 December 2018. The 2013 VGP covers discharges incidental to the normal operation of a vessel, including ballast water, into U.S. waters, and works in conjunction with the USCG ballast water regulations. It includes additional definitions, exclusions and management requirements for vessels, and is generally consistent with the standards established in the BWM Convention. However, a recent decision in the U.S. Court of Appeals for the Second Circuit,<sup>36</sup> issued on 5 October 2015, held that "EPA acted arbitrarily and capriciously in issuing parts of the 2013 VGP", and therefore the matter would be remanded to the EPA for further proceedings.<sup>37</sup> The Court however, allowed the 2013 VGP to remain in effect until the EPA issues a new VGP. In this context, concerns have been expressed that what seemed to be like an encouraging factor for the final adoption of the BWM Convention by the U.S., may no longer be so, making it potentially less likely that the U.S. regime will be consistent with that Convention.<sup>38</sup>

### Concluding remarks

The BWM Convention will enter into force soon. This is an important development that has been expected for a while. However implementation issues still remain. In the meantime, efforts are continuing at IMO on further developing the relevant international regulatory framework and technologies, pending the entry into force of the BWM Convention. These include work on a study aimed at assessing the implementation of the G8 guidelines and related type approval processes, and the performance of approved BWM systems in routine operations on board ships, as well as work on other amendments to the BWM Convention, including those that will provide an appropriate timeline for ships to comply with the BWP standards.

Upon entry into force of the BWM Convention, shipowners will be obliged to install a BWM

<sup>34</sup> See article quoted in fn. 31 above.

<sup>35</sup> Available at

[http://www3.epa.gov/npdes/pubs/vgp\\_permit2013.pdf](http://www3.epa.gov/npdes/pubs/vgp_permit2013.pdf)

<sup>36</sup> NRDC v. EPA, 13-1745(L). Available at

<http://1.usa.gov/1OR30Vg>

<sup>37</sup> *Ibid.*, page 7.

<sup>38</sup> See also *The latest on ballast water management*. 24 November 2015. Available at <http://bit.ly/1n68e9Q>

system to comply with its requirements, normally costing about USD 1-5 million per ship. The entire investment by the global shipping industry in new BWM systems, is expected to be around US \$100 billion.<sup>39</sup> However, shipping companies have been concerned that the expensive new treatment equipment they are required to install, even if it has been type-approved in accordance with IMO guidelines, may not be regarded as fully compliant by governments. For instance, as regards the U.S., the USCG standard is consistent with the IMO BWP standard, but the respective implementing guidelines are not. It appears that the USCG considers the IMO's G8 treatment technology type approval guidelines insufficient, and has adopted its own unilateral regulations. Under these circumstances, shipping companies trading with the U.S., that will need to satisfy the USCG standards as well, are concerned that if they decide to install a system approved in accordance with IMO guidelines, it could be accepted by the USCG only for a limited time. After that, they will have to install a fully USCG approved system, which may give rise to additional costs. However, currently, no treatment technology that has obtained USCG full approval is commercially available. Nor is there any guarantee that an AMS (a BWM system approved in accordance with IMO G8 Guidelines), will be later granted full approval and/or found compliant by the USCG. So far, out of over 50 treatment systems approved by the IMO, the intent to submit them for U.S. approval has been indicated by fewer than 20 manufacturers.<sup>40</sup> Until these issues are fully resolved, some States may continue to be reluctant to ratify the BWM Convention.

However, it is also worth noting that at the moment, transitional arrangements are in place for ships entering U.S. waters, which include (a) allowing them to install a USCG accepted AMS that could be a system approved in accordance with the current IMO G8 guidelines; as well as (b) granting extensions to dates for installing the required BWM systems. At the same time, IMO has also agreed that while current IMO guidelines are being revised and might potentially change, ships that install BWM systems approved in accordance with the current guidelines (G8), should not be penalized. For the time being, shipowners and operators will need to continue to review the applicable regulations, verify relevant compliance dates for their vessels, and take appropriate action to ensure compliance with both the IMO and USCG requirements, as appropriate.

<sup>39</sup> See <http://www.ics-shipping.org>.

<sup>40</sup> See *BWM Convention Doesn't Resolve U.S. Issues* - ICS. 25 November 2015. Available at <http://bit.ly/1O6V6da>

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<http://unctad.org/tti/legal>

# UNCTAD HAS A ROLE TO PLAY IN MAINSTREAMING SUSTAINABILITY CRITERIA INTO FREIGHT TRANSPORT SYSTEMS

Speakers from civil society shared their views on the key messages and takeaways from this year's Expert Meeting on Transport, Trade Logistics and Trade Facilitation, which focused on making freight transport more sustainable.

Without transport, trade would not be possible--and the global economy would come to a halt. Making freight transport more cost-effective and efficient is therefore a priority for economic growth and integration.

But given freight transport's impact on the environment, especially in the form of air pollution and greenhouse gases, the sector must also cut emissions and reduce its carbon footprint.

With the adoption of the 2030 Agenda for Sustainable Development and the upcoming United Nations Conference on Climate Change, the freight transport sector has a unique opportunity to further assert its significance as a trade enabler, and highlight its importance for social progress, environmental protection and climate change.

In this context, UNCTAD decided to focus this year's Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation on the topic of how to make freight transport systems more sustainable.

Held from 14-16 October in Geneva, the meeting brought together representatives from governments, international organizations, the transport industry academia and civil society to discuss the challenges and opportunities associated with sustainable freight transport infrastructure and services.

Following the meeting, three of the invited speakers shared their thoughts on the theme and how the meeting could contribute to their organizations' work on sustainable freight transport.



**Sophie Punte**

Executive Director, Smart Freight Centre

## **How does your organization's work relate to the meeting's theme?**

Smart Freight Centre is a global NGO dedicated to removing market barriers--such as the lack of global standards to calculate emissions--that prevent the global freight sector from becoming more environmentally sustainable and competitive.

The solutions we work on that are relevant for developing countries include designing green freight programs, creating a common way of calculating freight emissions across the global supply chain, and developing an approach for industry-wide adoption of proven technologies and measures that have a significant impact on fuel consumption and emissions.

## **What was the key message you hoped to convey during your presentation?**

To make their freight sector more efficient and environmentally sustainable, developing countries should focus on their specific needs. For some it may be better infrastructure, but for others the priority may be improved road safety or air quality. They should build on what already exists in their countries, such as

vehicle maintenance and emissions testing centres, research institutes and training programmes. And they should use what's already available elsewhere, such as policies, plans, training materials and green freight programmes, but adapt these solutions to their specific situation. We believe strongly in the importance of tailoring solutions to the needs of developing countries, and linking them up with experiences and experts from around the world.

## **In your opinion, how could the meeting contribute to your organization's work on sustainable freight transport?**

Industry needs governments to create the conditions for green freight to flourish, for example through better infrastructure, supportive policies and green freight programs. UNCTAD has the ability to bring governments and industry together as a group, build consensus, and assist countries in putting the right policies and programmes in place. We hope that UNCTAD, together with other relevant UN agencies, continues to play this role and helps address the important barriers that industry faces to making freight transport more efficient and sustainable.



## Cornie Huizenga

Secretary General, Partnership on Sustainable, Low Carbon Transport (SLoCat)

### How does your organization's work relate to the meeting's theme?

SLoCat is a multi-stakeholder partnership that promotes the integration of sustainable transport in global policies on sustainable development and climate change. The partnership includes over 90 organizations representing UN organizations, multilateral and bilateral development organizations, NGOs and foundations, academia, and the business sector.

We are coordinating the Paris Process on Mobility and Climate, which was created to strengthen the voice of the sustainable transport community in the process of the United Nations Framework Convention on Climate Change, especially in the upcoming Conference of Parties (COP21) in Paris in December 2015. The aim is to convene transport stakeholders in support of an ambitious global agreement on climate change that empowers the transport sector to take action.

### What was the key message you hoped to convey during your presentation?

There is no solution to the climate change problem without the active involvement of the transport sector. Freight transport is responsible for 40 per cent of CO2 emissions and thus must be part of any proposed solution. At the same time, a genuine debate on how to make freight transport more sustainable is necessary if trade--which is not possible without transport--is going to do its part to help achieve the recently adopted Sustainable Development Goals.

A ambitious action is feasible now. The concepts to lower greenhouse gas emissions from freight transport and improve its overall sustainability are already there and have been piloted. What is needed now is to scale them up, and this requires a greater willingness among governments and others to take action.

### In your opinion, how could the meeting contribute to your organization's work on sustainable freight transport?

The interest shown by UNCTAD in the topic of sustainable freight transport is key in building a broad multi-stakeholder alliance on the issue. Having an institutional anchor in the UN system can help us advance the policy discussions with countries.



## Simon Bennett

Director, Policy and External Relations, International Chamber of Shipping

### How does your organization's work relate to the meeting's theme?

We are the global trade association of ship operators, including the 70% of the world fleet registered with flag states in emerging economies and less developed countries, and represent the shipping industry at bodies such as the International Maritime Organization and the International Labour Organization. As such, we take a close interest in the Sustainable Development Goals and their application to international shipping.

We are especially interested in getting the balance right between the three pillars of sustainable development. If maritime transport is not economically sustainable, it

will be very difficult to deliver on the social and environmental goals that shipping has accepted.

### What was the key message you hoped to convey during your presentation?

In the context of the UN Conference on Climate Change in Paris in December, it is important that less developed countries recognize that the International Maritime Organization is the only forum where detailed regulations concerning further CO2 reductions by ships can be agreed in a manner that takes account of the UN Framework Convention on Climate Change's principle of Common But Differentiated Responsibility, while at the same time reconciling this with the need for uniform global rules for international shipping.

### In your opinion, how could the meeting contribute to your organization's work on sustainable freight transport?

By underscoring the importance of low maritime transport costs for the economic pillar of sustainable development, which according to ICS could be undermined if the maritime sector is treated like an OECD nation with respect to the ambition of the CO2 reductions it is expected to achieve.

For further information contact Frida Youssef ([frida.youssef@unctad.org](mailto:frida.youssef@unctad.org)), Trade Logistics Branch

# UNCTAD DELIVERS TRADE FACILITATION TRAINING FOR 20 DEVELOPING COUNTRIES IN CHINA

**The Seminar on Trade Facilitation for Developing Countries organized by the China-Europe Vocational Training Centre (CEVTC) as mandated by the Ministry of Commerce (MOFCOM) of the People's Republic of China (PRC) was delivered by UNCTAD on 19-23 October 2015 in Wuhan, PRC**

The seminar was organized in the framework of the ongoing collaboration between the PRC and UNCTAD that began in 2006 focusing mainly on supporting developing and least developed countries in the areas of globalization, trade and South-South Cooperation. Up to present, UNCTAD has successfully organized 24 seminars.

The MOFCOM had proposed the course on Trade Facilitation, relying on UNCTAD's waste expertise in the area. Indeed, supporting developing and least developed countries in their efforts in Trade Facilitation has been a longstanding important priority for UNCTAD which has only enhanced with the signature of the Bali Declaration. Building on its over forty years' expertise in Trade Facilitation, dating back to the mandate from its very First Ministerial Conference in 1964, in Wuhan UNCTAD delivered a week-long technical assistance seminar programme dedicated to building developing countries' capacities in Trade Facilitation through introducing the WTO Trade Facilitation Agreement (TFA) and discussing important issues such as the of the involvement of both the public and private sectors. The objective of China was to educate representatives of countries from the participating countries in the field of Trade Facilitation, focusing on the latest developments. The event also had as objective to sensitize participants on the work of UNCTAD, provide them a scope of work of other trade facilitation-related international organizations, and to demonstrate how efficient trade facilitation support can help countries in fostering social and economic pillars of their sustainable development.

The five days of the seminar were split between the three days of specific UNCTAD training on Trade Facilitation and two days of participation at the 7th ESCAP/ADB Asia-Pacific Trade Facilitation Forum (APTFF) "Deepening regional integration through trade facilitation" incidentally taking place in Wuhan at the same time. The training was structured in eight parts and included both vivid lectures and participants' presentations of their countries' cases. It covered the following topics: UNCTAD and its work in Trade Facilitation; Introduction to Trade Facilitation; Trade Facilitation and Business Processes; Trade Facilitation and Logistics; The WTO TFA and Special and Differential Treatment and Technical Assistance and Capacity Building under the Agreement;

National Trade Facilitation Committees, their Role, Experience and Best Practices. In addition, there was also an overview of the role of international organizations in Trade Facilitation made by the experts from the Organisation for Economic Co-operation and Development (OECD), the United Nations Economic Commission for Europe (UNECE), the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and the International Trade Centre (ITC). Following these, the participants and lecturers reconvened in a concluding half-day session to share and discuss key seminar uptakes and impressions, country experiences and practical regional solutions on trade facilitation in order to move forward from discussion to action.

The training seminar was attended by 43 participants from the following 20 countries: Albania, China, Colombia, Cuba, Dominican Republic, Ecuador, Ethiopia, Grenada, Indonesia, Iraq, Lebanon, Macedonia, Nigeria, Rwanda, Samoa, South Sudan, Sudan, Suriname, Tanzania and Uruguay. These included representatives of public sector institutions and governmental agencies such as Ministry of Economy and Trade, Ministry of Trade, Industry and Marketing, Union of Chambers of Commerce, Revenue and Customs Authority, to name a few. The seminar participants were selected by designated countries as a result of their outstanding performance in their countries. Generally, they had a good comprehension of the Trade Facilitation agenda, including the WTO TFA which contributed a lot to having intensive and focused discussions.

The issue of creation and maintenance of National Trade Facilitation Committees (NTFCs) has played an important role during the training course. Some of the participants' contributions under the "Country experiences" took up the issue of institutional infrastructure related to trade facilitation and provided information on flexible but also low cost arrangements which might reflect adequate solutions for small countries, particularly least developed countries. In particular, Samoa shared its interesting experience on resource requirements for the NTFC which, in their case, were basically limited to "coffee and biscuits" with an inter-ministerial coordination playing a particular role, and all coordinating and support services being provided by the lead ministry. Despite

this low organizational intensity, meetings are relatively frequent (twice a month unless no issues to be discussed), and the support received is considered totally adequate. Consequently, problems of sustainability are not foreseen for the time being.

As part of the UNCTAD week and in a quest to improve interagency cooperation, on 20 and 22 October 2015, the seminar participants took part in the sessions of the APTFF. By participating at the APTFF workshop on TFA, in particular the session on the establishment and maintenance of NTFCs, the seminar participants were able to widen their networking platform and obtain practical experience complementary to the substance covered in the seminar.

By the end of the week training, the seminar participants were able to exchange experiences, problems and solutions which helped them to further understand the challenges and dynamics in Trade Facilitation, and expressed their interest in seeing more into on how to get the necessary support for the implementation of the WTO TFA Trade Facilitation measures. On its side, UNCTAD has offered its assistance to participating countries in their ongoing Trade Facilitation reforms. Building upon a very successful delivery of the seminar, participants left saying they had now strong desire to apply what they had learned during the workshop into their daily work, expressed their appreciation to organizers and lecturers and encouraged them to arrange for the next training course. They also expressed their hope that this kind of trainings will be organized regularly with the support of the MOFCOM and will serve as a platform to help countries identify and keep up to date with trends as there is a great demand for Trade Facilitation amongst developing and least developed countries.

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## GREAT EXPECTATIONS FOR TRADE FACILITATION WORKSHOP, SAYS POLICY ADVISER

**St. Kitts and Nevis: Stakeholders from across the public and private sector participated in a two-day Trade Facilitation Workshop in October 2015**

The Ministry of International Trade, Industry, Commerce and Consumer Affairs hosted the national workshop on the 2013 Trade Facilitation Agreement, in collaboration with the ITC (International Trade Center) the UNCTAD (United Nations Conference on Trade and Development).

It's primary objective to assist the key players of the public and private sectors to improve their appreciation and understanding of the TFA and identify and assess the steps required for implementing the TFA in the Federation, which is designed to make the movement of goods across international borders more efficient.

Participants included representatives from the country's border agencies (SCASPA, NASPCA, and Customs and Excise) as well as government departments and agencies including International Trade, Consumer Affairs, Legal, Agriculture, the Bureau of Standards and Inland Revenue, SKIPA, NIPA and NEDD. Participants from the private sector, included representatives from the Chamber of Industry and Commerce and various brokers, shipping agents and couriers.



Article published in West Indies News Network: - Access it at: <http://www.winnfm.com/index.php/news/local/14442-great-expectations-for-trade-facilitation-workshop-says-policy-adviser#sthash.ORLo4jB9.dpuf>

## UN/CEFACT APPROVES REVISED UNECE RECOMMENDATION N°4 ON NATIONAL TRADE FACILITATION BODIES

**The UN/CEFACT Plenary has approved intersessionally the revised UNECE Recommendation No. 4 on National Trade Facilitation Bodies (NTFB) (ECE/TRADE/425).**

This Recommendation, first published in 1974, has been revised in light of the changing context for Trade Facilitation and the adoption of the Trade Facilitation Agreement of the World Trade Organization.

The revised Recommendation No. 4 integrates Guidelines that provide a detailed description of the steps for establishing the NTFB as well as a model terms of reference for an NTFB which countries use or customize based on their national context. It also provides a non-exhaustive list of those stakeholders that should be represented in an NTFB, including: importers, exporters, freight forwarders, carriers, customs, other government agencies, banks, insurance companies and others.

Recommendation No. 4 is complemented by Recommendation No. 40 on "Consultative Approaches, Best Practices in Trade and Government Consultation on Trade Facilitation Matters", which provides suggested complementary and alternative forms and approaches to consultation and offers a qualitative methodology to improve the very core of the consultative process.

This revised Recommendation (ECE/TRADE/425) has been prepared in consultation with the other international organizations involved in Trade Facilitation (i.e. UNCTAD, ITC, UN Regional Commissions) and with the participation of some 30 experts from around the world.

Read Recommendation N°4 here: [http://www.unece.org/fileadmin/DAM/cefact/recommendations/rec04/ECE\\_TRADE\\_425\\_CFRec4.pdf](http://www.unece.org/fileadmin/DAM/cefact/recommendations/rec04/ECE_TRADE_425_CFRec4.pdf)

For further information, please contact: Maria Ceccarelli ([maria.ceccarelli@unece.org](mailto:maria.ceccarelli@unece.org)), Trade Facilitation Section, UNECE

# UN TRADE FACILITATION IMPLEMENTATION GUIDE (TFIG): A TRADE FACILITATION TOOL FOR POLICY MAKERS

## How can TFIG help policy makers to implement the WTO Trade Facilitation Agreement?

Leading trade experts have emphasised the crucial role of international recommendations, standards and tools in the effective implementation of the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA). Indeed, in Article 10 of the WTO TFA, countries are encouraged to use international standards and exchange best practices.

During a side event at the 10th WTO Ministerial Conference in Nairobi, UNECE co-hosted a dialogue between international experts who shared their experiences and presented existing instruments and initiatives that support trade facilitation. One such tool is the United Nations Trade Facilitation Implementation Guide (TFIG), a web-based interactive tool ([tfig.unece.org](http://tfig.unece.org)) to help public and private sector actors navigate the wide array of available trade facilitation instruments in order to select available solutions and possible paths for achieving their policy objectives.

The content of the TFIG is organized according to: trade facilitation domains, itineraries, instruments, and organizations. In more detail:

- **Domains** offer a supply-chain perspective on trade facilitation, taking inspiration from the Buy-Ship-Pay model developed by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). The steps and processes of this model correspond to the business domains of purchasing and payment, shipping and transport, as well as customs and cross-border management. For each domain, the Guide presents key challenges as well as possible reform measures and appropriate solutions and instruments. It introduces business process analysis, trade-government consultation and cooperation, and e-business solutions as approaches and methodologies that underpin trade facilitation efforts.

- **Itineraries** help you explore questions such as: How to reduce delays at border crossings? Why and how has the World Trade Organization been discussing trade facilitation? How to reduce the number of documents and amount of information requested at border crossings? What steps need to be taken for establishing a Single Window? How to create a trusted partnership with trade? What are the ICT applications for trade facilitation? In these itineraries, pages from various domains are conveniently grouped together and you are guided through them.

- **Instruments** provide information on a particular convention, guide or another instrument such as a UNECE Recommendation. Here you will find a list of key trade facilitation instruments. With just one click, you can obtain more details on a specific instrument, as well as links to other pages where it is referred to.

- **Organizations** introduces key inter-governmental organizations that work in the field of trade facilitation — either through setting rules and standards, providing technical assistance, or by doing research. It gives an overview of who the organizations are and what they do.

- **Complementary materials** include a "Train the Trainers" package and a set of "Case Stories" on trade facilitation efforts around the world.

The TFIG was developed by the United Nations Economic Commission for Europe (UNECE), with contributions from its UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT) and other international organizations including the International Trade Centre (ITC), the other UN Regional Commissions, the United Nations Conference on Trade and Development (UNCTAD) and the World Customs Organization (WCO). The development of TFIG and its updating were funded by the Swedish International Development Cooperation Agency (Sida).

Visit TFIG: <http://tfig.unece.org>

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Maria Ceccarelli ([maria.ceccarelli@unece.org](mailto:maria.ceccarelli@unece.org)), Trade Facilitation Section,  
UNECE*

## TFIG FACTS AND FIGURES

- Available in Arabic, English, French, Spanish and Russian
- 250,000 unique visitors and >1.5 million page views in 2014-2015
- TFIG is currently being updated to add more content, including two new itineraries (National Trade Facilitation Bodies; Trade Facilitation Roadmaps) and new Case Stories (e.g. Ukraine's Interagency Working Group on Trade Facilitation and Logistics)

# UNITED NATIONS REPORT HIGHLIGHTS IMPLEMENTATION GAPS IN CUTTING RED TAPE FOR INTERNATIONAL TRADE

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), together with all four other United Nations regional commissions, today launched the first global report on the implementation of measures to simplify import, export and transit procedures, calling for more to be done to cut trade costs and promote growth.

The inaugural Global Report of the Trade Facilitation and Paperless Trade Implementation Survey provides data for 119 countries and serves as a useful basis for bench marking and monitoring trade facilitation performance. Within the Asia-Pacific region, the report shows Singapore and the Republic of Korea leading East Asia in moving goods effectively. India tops the South Asian subregion, with Russia and Turkey leading in Europe and Central Asia. The top trade facilitation performer among these economies is the Netherlands.

According to the new report, efficient movement of goods is key to maintaining trade competitiveness, and enabling effective engagement of firms, in particular small and medium enterprises, with regional and global production networks. The global average implementation rate of the ambitious set of trade facilitation measures considered in the report is about 53 per cent. Developed economies average more than 75 per cent implementation, while Pacific Island developing economies barely reach 26 per cent.

As highlighted in the report, accelerating implementation of paperless trade measures will be crucial to reducing trade costs. The report also recommends the adoption of modern information and communication technologies, as well as development of legal frameworks to enable the exchange of electronic trade data and documents across borders.

United Nations Under-Secretary-General and Executive Secretary of ESCAP Dr. Shamshad Akhtar said: "These 'next generation' trade facilitation measures have great potential to reduce costs and boost trade, increasing the Asia-Pacific region's export potential by more than \$250 billion annually. This can only be achieved, however, through more effective cooperation between countries at the regional and global levels." Dr. Akhtar added that more than 20 ESCAP member States are already actively engaged in developing an innovative

regional agreement for the facilitation of cross-border paperless trade, and she encouraged other Asia-Pacific member States to participate.

The report outlines the extent to which key measures of the recent World Trade Organization Trade Facilitation Agreement are currently being implemented, showing that a significant number of developing economies, particularly in East Asia, Latin America and the Caribbean, have already acted on many of the commitments associated with the arrangement. For most countries, however, much still remains to be done. An integrated step-by-step approach is suggested, starting with building up institutional arrangements and inter-agency cooperation.

Overall, the report finds that most economies have already taken concrete steps towards streamlining trade procedures. The United Arab Emirates leads the Middle East and North Africa region and Benin and Mauritius

lead in Sub-Saharan Africa. Several leaders emerge in Latin America and the Caribbean including Mexico, Colombia, Ecuador and Chile.

The survey, led by ESCAP, was developed in collaboration with the Organisation for Economic Co-operation and Development (OECD) and implemented by all of the United Nations regional commissions, namely: the UN Economic Commission for Africa (ECA), the UN Economic Commission for Europe (ECE), the UN Economic Commission for Latin America and the Caribbean (ECLAC), and the UN Economic and Social Commission for West Asia (ESCWA). The report was produced with the support of the United Nations Conference on Trade and Development, (UNCTAD), the International Road Transport Union (IRU), the International Trade Centre, (ITC), OCO and the Latin American and Caribbean Economic System (SELA).

Further information: <http://unnext.unescap.org/UNTFSurvey2015.asp>



## KENYA: MOMBASA PORT YARD 5 REPAVING COMPLETED

For years the yard resembled a dilapidated city abandoned to destruction. Large swamps inhabited by rodents and other creatures covered this muddy section of the port of Mombasa known as Yard Five.

In the rain season the place would be extremely muddy and too soggy to be used by heavy container moving machines. In the dry season, the earth would crack and burst into loose soil emitting mountains of dust and creating a visibility challenge.

In all weather, Yard 5 was a health hazard and unfit for human utilisation. However, the intervention of TradeMark East Africa (TMEA) has seen the Yard rehabilitated, paved and modernised. The dust is gone and so is the mud, replaced by a modern all-weather container yard.

"For close to a 100 years, Yard 5 was an abandoned area. In a month we could not use it for more than two weeks in a row," says Kennedy Nyaga, Senior Project Engineer at KPA.

The rehabilitation of Yard 5 has tremendously improved the business space at the port: "We are now able to stack the 293 20-foot containers at a height of four per slot in an average of four days."

The additional capacity created per year is 77,800 20-foot equivalent units (TEUs) at the KPA yard. This brings about an annual capacity of 1.32 million TEUs.

"No wonder in 2014 we broke through the 1 million TEUs mark!" remarks Engineer Nyaga.

The Editor of Our Ports Magazine, a publication of the Port Management Association of Eastern and Southern Africa and a frequent user of Mombasa port, George Sunguh argues that the rehabilitation of Yard 5 and the continued capacity expansion increases the volumes of containers handled by the port. The yard, says Sunguh also pushes the port higher up in its ranking among the top ports in Africa and the world.

Mohamed Faruk, KPA's Principal Statistician says the fact that KPA can handle more 20-foot containers than in the past is a clear indication of the growing trade capacity.

Yard 5 comes rapidly in the wake of the port's growing efficiency given a boost by the dredging of the main entrance channel to minus 15 metres and the widening of the turning basin to 500 metres thus enabling larger vessels to call in at the port.

In 2013 the port also completed the construction of 240m long Berth 19 which is deeper and longer and has an additional stacking yard of 15 acres increasing the ports capacity by 250,000 TEU annually.

In its endeavour to assist the port expand and grow its trade capacity, TMEA invested nearly USD 2 million in Yard 5. This will act as a precursor to investments in the construction of the second container terminal which involves the initial construction of three berths scheduled for completion by March 2016. The new berths have an additional capacity of 450,000 TEUs with two further expansion phases running through to 2020.

The port management says that after the construction of Yard 5, the port invested in new and modern cargo handling equipment which has greatly improved efficiency. The equipment includes ship to shore gantry cranes, terminal tractors and reach stackers.

"Delays at the port are normally caused by external factors. Our job is to handle cargo and release it. When you congest the port there is a decrease in loading and this creates space for accidents," explains Faruk Mohammed, "We need to release containers the same day they are handled. The less time the container takes within the yard the better."

Engineer Nyaga says that with the rehabilitation of Yard 5, the turn-around time for ships has reduced even as the capacity to clear containers through the port is increasing: "The throughput containers are growing by 15 per cent per month for this current year," says Nyaga.

This fact is corroborated by the General Manager Corporate Services, J. O. Nyarandi. For the first time ever, the container business has started to grow. "Two years ago we started forcing ships to use berth number 5. This proved a challenge as there was no starting yard. The rehabilitated Yard 5 now affords us space for around 70,000 containers and we quickly purchased new equipment for Kilindini."

He adds that with the handling of 1.12 million containers in 2014, KPA must now concentrate on how efficiently it utilizes its vantage point to clear cargo and grow regional trade.



For further information, please contact: Nelson Karanja ([nelson.karanja@trademarkea.com](mailto:nelson.karanja@trademarkea.com)), Trade Mark East Africa

## RECALIBRATING TRADING ALTITUDE

In 2014, growth in air cargo was lifted by the upturn in the economic cycle taking hold in advanced economies. Freight Tonne Kilometers (FTKs) grew at a healthy 5.8% and freight tonnes carried by 4.5%, this represented a significant rebound compared to the anemic growth since the 2010 jump. For the first time since 2008 growth in air cargo outpaced growth in merchandise goods trade. This raises questions on what factors explain the outperformance of air cargo relative to world trade and why 2015 has been disappointing so far.

### The bigger picture

Before looking at unique drivers for air cargo demand we need to survey broader developments related to weakness of world trade. There are two main schools of thought that offer an explanation. One attributes this weakness primarily to cyclical factors, pointing to the post-crisis recession with feeble consumption and investment demand combined with increased uncertainty as the main drivers. Another view is that the weakness is explained by structural changes, whereby the observed historical high growth in trade was driven by time-bound occurrences such as the re-integration of Eastern Europe and China in to the global economy.

Global trade growth has been weak in 2015, September levels were down by 1.5% from their December 2014 peak. Compared to last year the year-to-September growth was just 1.5%. Weakness in global trade is explained by both cyclical and structural factors. Evidence suggests cyclical factors, driven by demand weakness in major trading economies, do not fully explain the slowdown and structural factors, such as slowing pace of trade liberalization, may explain as much as half of the global trade slowdown. Therefore, the relationship between industrial production and world trade growth should not be expected to recover to pre-2000s ratios once cyclical factors have abated. In the mid-to-long term these structural factors can be countered by reducing trade costs and adopting pro-trade policies, such as implementation of the Bali Trade Facilitation Agreement and expansion of the Information Technology Agreement.

World trade-related developments provide a crucial backdrop for assessing air cargo performance, however, several air cargo specific demand drivers also need to be considered.

### Economic cycle

During upturn phases, FTK growth typically averages 3-5% points more than growth in world trade in goods, as firms replenish inventory and source components to build up

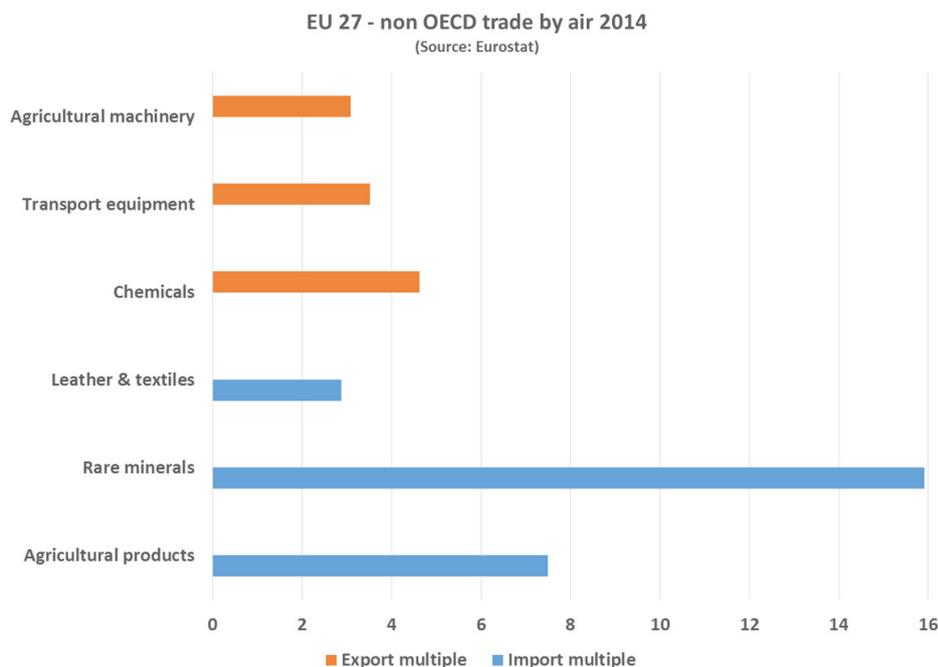
production schedules. In downturns the opposite can be observed; declines in FTKs have averaged 5-7% points lower than world trade. During a recession, when firms reduce inventory, speed of delivery of components and final goods becomes less important.

In 2015, while the economic upcycle has strengthened in advanced economies, growth rates in key emerging market have nosedived. Since we are further along in the upturn in most advanced economies the boost to FTKs may be somewhat moderated. Although parts of the Eurozone are at the start of the upcycle and this could be a significant positive source for air cargo demand. The US economy looks healthy, with a strong USD favorably impacting imports, but even if a higher than expected acceleration in economic activity was to materialize it may not significantly stimulate air cargo volumes due to inventory overhang.

### Origins of growth matter

Starting 2014, global GDP growth has shifted significantly towards advanced economies. The basket of consumer goods in advanced economies have a greater reliance on air freight so an increase in consumption in advanced economies on aggregate has a bigger impact on air freight growth. In emerging markets, demand for air freighted commodities is weighted towards specialized machinery. Figure 1 highlights the trade balance by volume in some air freighted commodities for EU 27 in trade with non-OECD countries.

Higher share of growth originating from advanced economies is expected to persist in 2015, which by year-end may be a factor in supporting a higher rate of growth in air cargo volumes compared to world merchandise trade. Furthermore, if the downturn in emerging markets is driven more by weaker performance in heavy industry it may limit the downside impacts on air cargo volumes.



## A solution to disruption

Over long distances, air cargo is the most reliable, secure and rapid form of transportation but it's also the most expensive. It is the default transport mode of choice for perishables and high-value commodities but crucially it also serves as a solution in times of surface transport disruptions.

At the end of 2014 and into the first quarter of 2015, a worsening backlog in the US West Coast sea ports and fresh recalls in the US by Japanese car manufacturers boosted demand for air cargo to and from North America. This in part explains the higher 2015 year-to-October growth of 2.6% in FTK volumes compared to year-on-year growth of 0.5% for the month of October.

## Inventory carry, transport costs and unique demand characteristics

Business decisions on which transport mode to use may be further complicated by considering trade-offs between the lower costs of inventory carry, given the faster transport times, against higher air transport costs. Businesses that adopt just-in-time produc-

tion models may do so to better respond to changing market preferences. Marketing strategies, such as synchronized global product launches by companies like Apple Inc., can also be a determining factor in the selection of transport mode. The emergence of more flexible business models and innovative global marketing strategies point to unique demand characteristics for air cargo services.

## Conclusion

A review of where key economies are in the economic cycle, structure of growth, one-off factors and other demand dynamics need to be considered when assessing the extent to which air cargo performance will outpace world trade. However, even if growth in air cargo volumes outperforms world trade the weak economic recovery combined with structural changes in world trade will subdue growth potential in 2015. Looking ahead to Q4 and 2016, air cargo demand will likely continue to come under strain but a stronger recovery in the Eurozone – a key market – can be a source of optimism.

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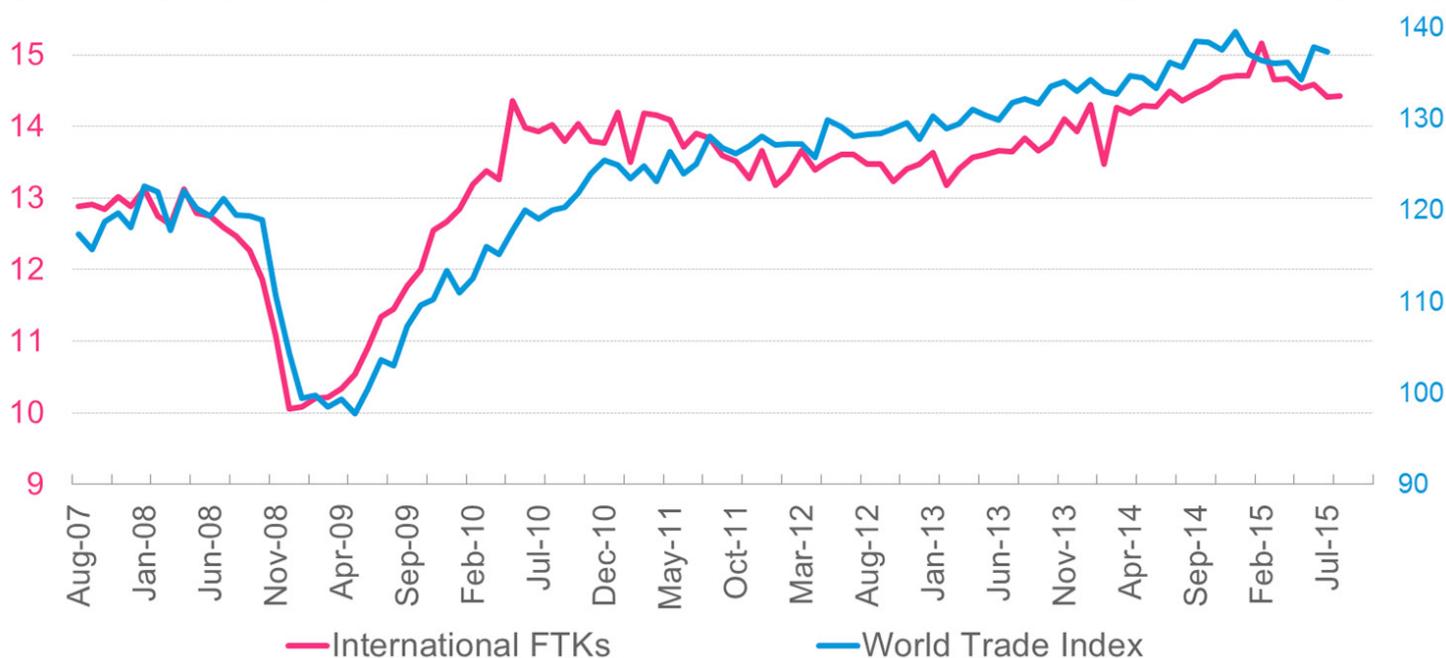
<http://www.iata.org/cargo-chartbook>

<http://www.iata.org/economics>

# World trade in goods and international air FTKs

Billion FTKs  
(seasonally adjusted)

Index of world trade, 2005=100  
(seasonally adjusted)



Source: Netherlands CPB, IATA

# FEATURED PUBLICATION

## GUIDE TO DRAFTING A NATIONAL TRADE FACILITATION ROADMAP, UNECE

In recent years, trade facilitation (TF) has been recognized as a key factor in trade and economic development policy. This is due to the realization that trade facilitation can generate major benefits for the economy in terms of competitiveness and efficiency and can greatly enhance the participation of developing and transition economies in the global economy.

Discussions on trade facilitation at the WTO and other international fora have greatly helped this process, bringing the issue to the highest level of political decision-making. Indeed, with trade facilitation on national political agendas, many countries are now faced with the challenge of translating this broad concept into specific implementation strategies that can achieve the expected results and economic benefits.

Effective trade facilitation involves a total trade transaction approach across the entire supply chain. This broader approach requires careful planning and collaboration across a wide number of government agencies and must be undertaken in close collaboration with the private sector. UNECE recommends that this be done in a strategic planning framework that includes the development of an agreed National Trade Facilitation Roadmap.

This trade facilitation strategy provides the framework for a national trade facilitation reform programme over a period of three to five years. It defines the scope of trade facilitation, as this is a horizontal subject that affects several policies. Thus, it indicates what the trade facilitation reform wants to achieve, what activities will be carried

out and by whom, and how the progress of implementation will be measured. The document that describes the national trade facilitation strategy and programme is, hereafter, referred to as the "National Trade Facilitation Roadmap".

This Guide describes the components of a National Trade Facilitation Roadmap and how such a document can be drafted in a country. It goes beyond existing TF planning tools and more generic strategic planning frameworks by providing a more tailor-made methodology, a document structure and lessons learned from TF experts around the world.

<http://www.unece.org/fileadmin/DAM/trade/Publications/ECE-TRADE-420E.pdf>

Figure 1: Structure of the Roadmap document



# FEATURED PUBLICATIONS

## LOGISTICS AND MOBILITY POLICIES AS A DRIVER OF SUSTAINABLE DEVELOPMENT AND REGIONAL INTEGRATION, UN/ECLAC

In the region of Latin America and the Caribbean, the lack of transport infrastructure, cumbersome procedures, regulatory barriers, limited use of technology and many other related obstacles not only have a negative impact on the region's competitiveness but also adversely affect its social and environmental performance, undermining the overall progress towards sustainable development. The ambitious goals set out by the 2030 Sustainable Development Agenda require a careful and informed analysis of the role of the transport or, better said, logistics and mobility sector in the path towards the sustainable development in order to identify public policies that allow to capitalize on the benefits of more efficient logistics and mobility operations while preventing or limiting the externalities that they generate. It is in this context that two new UN/ECLAC publications analyze the role of logistics and mobility policies as a driver of sustainable development and regional integration.

### Logistics and Mobility Policies for Sustainable Development and Regional Integration

The first document on Logistics and Mobility Policies for Sustainable Development and Regional Integration revisits the main challenges for achieving a sustainable and integrated policies on logistics and mobility with the goal to provide a conceptual framework for the formulation of national policies that address these challenges.

The study summarizes the main shortcomings in the logistics and mobility performance of the region, highlighting the persistent shortage of basic infrastructure, inefficient and unsustainable modal split, limited use of technology and innovation, increased negative externalities, lack of security and facilitation of processes – all these factors resulting in a modest logistic performance in the increasingly demanding global economy. The study also observes that faced with the traditional and emerging challenges of logistics and mobility in the region, the policy makers encounter a number of constraints that directly affect their ability to effectively solve these problems. Among such constraints are the difficulties to effectively incorporate all segments of logistics and mobility in

one integrated policy, to operationalize the concepts of sustainability in planning and infrastructure development, to coordinate the policy actions with other public policies oriented towards national development, to address the financing challenge and to ensure an institutional capacity to oversee the full cycle of infrastructure development. These and other similar factors lead to uncoordinated and fragmented interventions and policies, focused more on isolated and ad hoc actions and plans, compromising their effectiveness and sustainability in time.

To arrive at a more integrated and sustainable State policy, the document proposes a paradigm shift in the policy making, which consists in the adoption of a unified conceptual framework. This framework determines, each in its turn, the underlining governing principles of the logistics and mobility policy (integrality and sustainability), its overall objectives (considered from the sustainable development perspective), its institutional framework, planning and monitoring mechanisms, to arrive, at the end, to the issue of sectoral policies and more specific programmes and actions. This order of priority guarantees consistency among all the steps that make up a policy, from its key principles to each of its programs, plans or projects. The ultimate goal of this paradigm shift is the convergence of the national policies into a regional logistics and mobility policy that takes full advantage of the regional integration's potential in achieving the goals of sustainable development.

### Ports and Maritime Transport: Challenges and Opportunities in the search for sustainable Development of Latin America and the Caribbean,

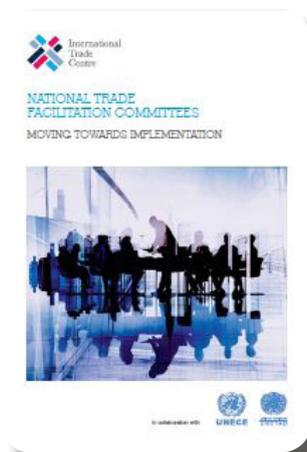
The second publication, Ports and Maritime Transport: Challenges and Opportunities in the search for sustainable Development of Latin America and the Caribbean, aims to provide a vision of a maritime transport – the backbone of global and regional trade – based on the framework and requirements of the new paradigm of sustainable development. From this perspective, the document assesses the gaps and issues of the ports in Latin America

and the Caribbean, focusing on the challenge of sustainability in its broadest sense, and brings out the need of profound changes in port policies – paradigmatic shifts that require a new port governance in the region.

To do so, the document presents in its first chapter the evolution of the paradigm of sustainable development and the change in the positioning of the transport sector in this general framework. In doing so, it describes the current context of the transport services and stresses the need for a change in perspective from the “transport” to the “logistics.” Chapter 2 offers a detailed analysis of the current context of the maritime logistics, assessing the evolution of maritime markets and illustrating major global trends, such as demand growth, changing geography of trade, technological progress, environmental concerns and other patterns more specific to this mode of transport. Chapter 3 focuses on the maritime ports as nodes of the global and national logistics, providing an updated analysis of the observed changes in the port geography, performance and integration with the hinterland. This chapter also offers a reflection on all the dimensions of port sustainability and on the challenges of the integration of ports in the national logistics system as a whole. Finally, based on the analysis of the previous chapters, the concluding chapter provides a series of guidelines for port related policies, placing the latter in the more general framework of a national logistics and mobility policy and stressing the need for a new port governance in the region, indispensable to adopting and implementing the necessary paradigm shift in the port policies.

*For further information, please contact: Azhar Jaimurzina ([azhar.jaimurzina@cepal.org](mailto:azhar.jaimurzina@cepal.org)), Infrastructure Service Unit*

## PUBLICATIONS



### National Trade Facilitation Committees

Developing countries can benefit from trade facilitation reforms by establishing a well-run National Trade Facilitation Committee.

This guide gives developing countries a step-by-step approach to evaluate policy, organizational and funding options to create a detailed roadmap to set up National Trade Facilitation Committees, which are an obligation for countries implementing the WTO Trade Facilitation Agreement. This is a joint guide by ITC; the United Nations Conference on Trade and Development; and the United Nations Economic Commission for Europe, including the United Nations Centre for Trade Facilitation and Electronic Business.

<http://bit.ly/1K2cThS>

### El Acuerdo sobre Facilitación del Comercio y el camino hacia su entrada en vigor

ICSTD: Puentes, Volume 16 - Number 10

El presente artículo lleva a cabo un breve repaso del proceso de ratificación y los potenciales beneficios del que sería el primer acuerdo comercial de alcance global del presente siglo.

<http://bit.ly/1kSdDQ1>

### Thematic series on Connecting the World through Global Shipping Networks

This Thematic Series with the theme on “Connecting the World through Global Shipping Networks” aims to publish high-quality research papers that employ a variety of rigorous and pertinent research methodologies supported with empirical evidence to examine the challenges of global shipping connectivity. Broad themes may focus on alternative measures of connectivity, describing and explaining the structure of maritime shipping networks, and analyzing the impact of connectivity on trade and trade costs.

<http://www.ishippingandtrade.com/about/update/unctad>

### OECD Simulator of Trade Facilitation Indicators

OECD

To help governments improve their border procedures, reduce trade costs, boost trade flows and reap greater benefits from international trade, the OECD has developed a set of Trade Facilitation Indicators (TFIs) that identify areas for action and enable the potential impact of reforms to be assessed. Estimates based on the indicators provide a basis for governments to prioritise trade facilitation actions and mobilise technical assistance and capacity-building efforts for developing countries in a more targeted way.

The OECD TFIs also allow countries to identify their strengths and weaknesses in trade facilitation. They measure the actual extent to which countries have introduced and implemented trade facilitation measures in absolute terms, but also their performance relative to others, using a series of quantitative measures on key areas of the border process.

The TFIs take values from 0 to 2, where 2 designates the best performance that can be achieved. They are calculated on the basis of information in the TFIs database.

<http://sim.oecd.org/>



## UPCOMING EVENTS

### 2nd International Workshop on Maritime Flows and Networks - WIMAKS 2016

25-26 April 2016, Paris, France

The conference will deal with the following topics:

- Ancient and contemporary shipping routes and corridors
- Regionalisation and globalisation dynamics in world maritime trade
- Global production networks and logistics/supply/value/commodity chains
- Multimodal transportation, hinterlands and the land-sea interface
- Port systems, centrality, hubs, maritime ranges and forelands
- Port-city relationships, merchants and intermediaries, urban systems, global cities
- Network security, congestion, disruption, vulnerability, and optimisation
- Network design and routing, port choice and shipping line competition
- Technological change in shipping and port operations, time and cost factors
- Climate change, bioinvasions and environmental sustainability

<http://bit.ly/1ZeZwae>

### 6th GEF-UNDP-IMO GloBallast R&D Forum and Exhibition on Ballast Water Management at the International Civil Aviation Organization (ICAO).

16-18 March 2016 | Montreal, Canada

The IMO-GloBallast R&D Forum is organised every two years and is one of the most important international conferences on BWM. It aims at bringing together leading scientific experts, the maritime industry, academia and technology development leaders in the field of ships' ballast water management for a comprehensive overview of this rapidly expanding area of research and development and technology commercialization.

<http://globallast.imo.org>

### Logistics and Maritime Studies on One Belt One Road

10-11 May 2016

The Silk Road Economic Belt and the 21st-century Maritime Silk Road, also known as One Belt One Road (OBOR), was an initiative that focuses on improving connectivity and creating new trading routes passing through over 60 countries across Asia, Europe, the Middle East, and Africa. The OBOR consists of two main components, i.e., the land-based Silk Road Economic Belt and the oceangoing Maritime Silk Road.

The Silk Road Economic Belt is a land route designed to connect China with Central Asia and Europe. The aims of the land route are: (1) to build a logistics chain from the east coast of China to Europe, and (2) to develop economic corridors that connect China. The 21st-Century Maritime Silk Road is a sea route that runs west from the east coast of China to Europe through the South China Sea and the Indian Ocean, and east to the South Pacific Ocean. The aim of the sea route is to build efficient transport routes between major ports in various countries.

The LMS on OBOR is an excellent platform to enhance collaboration between academic researchers for generating possible solutions to issues on policy coordination, shipping connectivity, trade facilitation, and financial integration. It also provides opportunities for multi-stakeholder dialogue to identify new business opportunities by supporting the OBOR initiative and developing creative methods to address unresolved challenges.

<http://www.lms.polyu.edu.hk/OBOR2016/>

### Annual conference of the International Association of Maritime Economists (IAME)

23-26 August 2016

The International Association of Maritime Economists (IAME) was created in the early 1990s and has become since then the most prominent global group of scholars with an interest in maritime transport, interpreted in the broadest sense to include ports, shipping and hinterland transport. IAME members come from a variety of research backgrounds, primarily economic and management, but also logistics, finance, engineering and social sciences.

The main event for the Association is its Annual Conference that brings together academics from every corner of the Planet every year to a different location. The IAME Annual Conference is an opportunity for the world scientific community to meet and discuss current research topics and to contribute to the development of maritime economics and management as an independent discipline.

It is with great pleasures that the organisers of IAME 2016 welcome the members of the IAME to Hamburg in August 2016. The conference, for the first time in Germany, will be organised by five internationally-renowned institutions all with a strong interest in maritime transport and united by the desire to show the beauty of Hamburg to the world and contribute to the reputation of the metropolis on the Elbe as a leading centre for research in maritime economics and management.

<http://www.iam2016.org/>

### International conference on: the One Belt and One Road (OBOR)

01-02 December 2016

The official title of the conference is: "The Silk Road Economic Belt and the 21st Century Maritime Silk Road for Transportation and Global Supply Chain."

A conference for scholars, industry stakeholders & policy makers worldwide. Hear about the multi-dimensional possible impacts of "One Belt and One Road" on the global supply chain transportation.

<http://bit.ly/1R7v3Gx>



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