RESTRICTED
TRADE7CEFACT/1999/CRP.11
3 March 1999

CEFACT

CREATING AN EFFICIENT ENVIRONMENT FOR TRADE AND TRANSPORT

This document is presented by UNCTAD as a complement to the draft revision of Recommendation No.4 "National Trade Facilitation Bodies" (TRADE/CEFACT/1999/11), submitted by the International Procedures Working Group (ITPWG) for approval by UN/CEFACT at its fifth session (15-17 March 1999).

The document aims at promoting the creation/strengthening of national facilitation bodies with a view to coordinating work on trade and transport facilitation at the national level.

The creation of such facilitation bodies is a cornerstone of UNCTAD's technical assistance in the field of trade and transport facilitation.

SOURCE: **UNCTAD**
STATUS: **REPORT**
ACTION: **FOR GENERAL CIRCULATION, 5th CEFACT SESSOPM**
AGENDA ITEM 11

Table of contents

A. OVERVIEW 3
A.1. The effects of globalization and liberalization 3
A.2. Requirements of international trade 3
A.2.1. Efficient door-to-door logistics 3
A.2.2. Simple trade formalities, procedures and operations 3
A.2.3. Customs reform and automation 4

B. A NEW APPROACH TO TRADE EFFICIENCY 5
B.1 Need for a partnership.... 5
B.2. .... to solve major national problems. 6

C. THE NATIONAL TRADE AND TRANSPORT FACILITATION COMMITTEE (NTTFC) 7
C.1. Purpose of a NTTFC 7
C.2. NTTFC's membership 7
C.3. Organization of the NTTFC 9
C.4. Responsibilities and role of the NTTFC components 10
C.5. Work Programme 10

D. FUNDING 12
D.1. Staffing needs 12
D.2. Budget 13

E. STEPS TOWARDS THE CREATION OF A NTTFC 13

F. HOW THE CONCEPT OF "NTTFC" HAS DEVELOPED 14

Annex ONE Terms of reference 15

Annex TWO Technical Secretary 19

Annex THREE Budget structure 21

Annex FOUR References to some UNCTAD's experience 23

Creating an efficient environment for trade and transport

A. OVERVIEW

A.1. The effects of globalization and liberalization

1. The globalization of production and the liberalization of trade offer opportunities for all countries including developing countries and economies in transition to play a more active role in the world economy. Possibilities now exist for increased international trade to become an unprecedented engine of growth and an important mechanism for integrating all countries into the global economy.

2. The lack of efficient and transparent trade-related services such as Customs, transportation, banking and insurance, telecommunications or business information is a major impediment to the integration of developing countries and some economies in transition into international trade and poses a formidable risk of exclusion from, and challenge, to the emerging global economy.

A.2. Requirements of international trade

3. The international trade of any country is of primary importance to its national economy. It requires efficient door-to-door logistics chains, simple trade formalities, procedures and operations, together with a trade-supporting Customs administration. It implies an overall need for structural change to facilitate improvements in trade and transport practices, particularly in the use of modern technology and in the field of Customs operations and procedures.

A.2.1. Efficient door-to-door logistics

4. To remain competitive, buyers and sellers must reduce the various transaction costs that are included in the sale price of consumer goods. To reduce or, where possible, eliminate such costs, it is essential to improve the quality of international transport and logistics of a country, adapt commercial practices to international standards and remove all unnecessary trade barriers.

5. The efficient operation of transport modes and interface facilities - resulting from reduced physical barriers and institutional interference and simplified legal regimes - is a necessary precondition for effective improvement of international trade and transport operations. However, actions must focus not only on improving the physical features (the "hardware") of the transport network, but - more importantly - on improving the performance of transport operators and auxiliary services, on changing the commercial behavior of users, and on introducing innovative relations between public institutions and transport providers and users (the "software") of international trade and transport.

A.2.2. Simple trade formalities, procedures and operations

6. Outdated procedures, as well as multiple, non-standardized documents, result in additional transaction costs and unnecessary delays to the movement of goods. These additional costs have been estimated approximately to USD 75 Billion per year. New practices, properly harnessing both modern transport links and information technology, can result not only in reducing those costs and delays, but also in creating new opportunities and new markets. The lack of coordination among the many parties to a trade transaction and of appropriate *fora* for

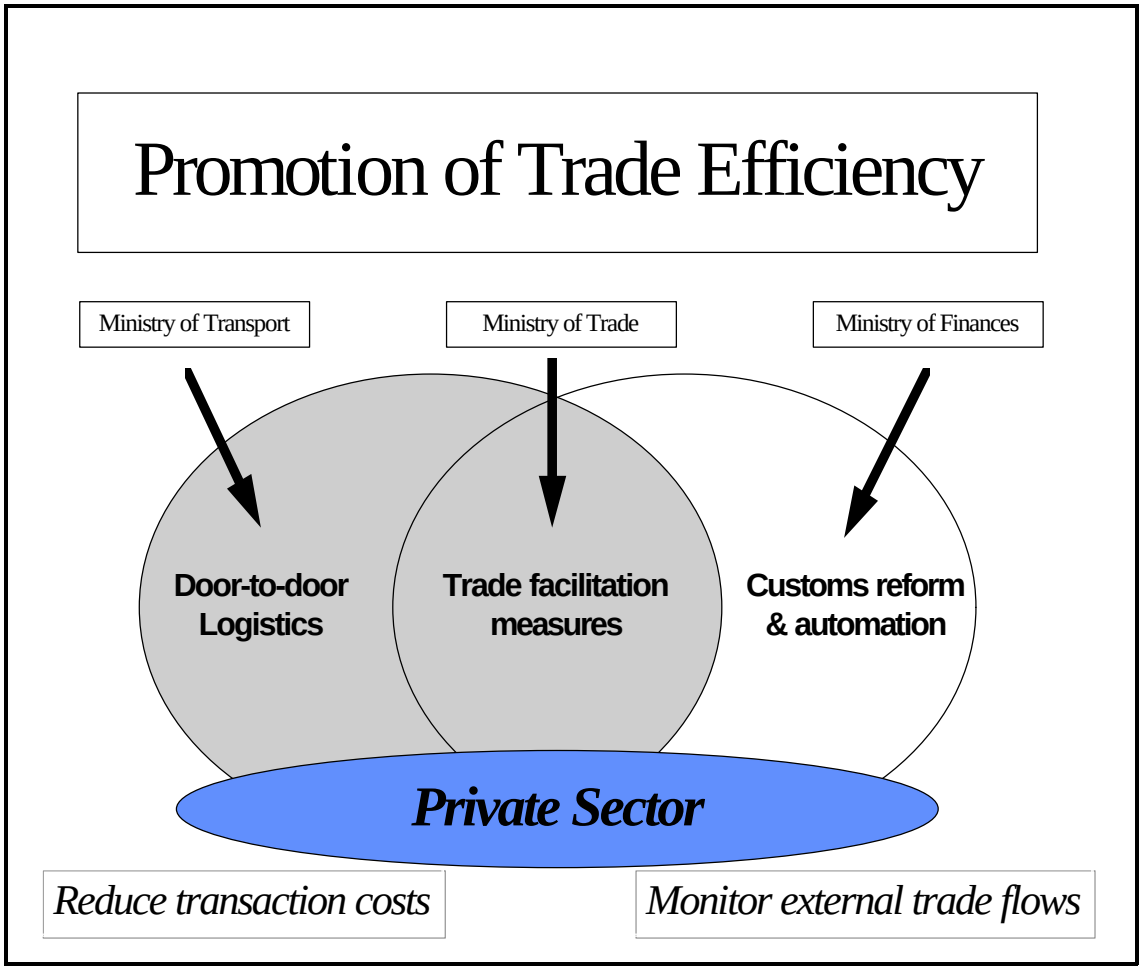
transparent discussions between public and private sectors regarding the simplification of procedures, documentation and (excessive) regulations, inhibit exports and increase the costs of imports.

7. Computerization can provide solutions to some procedural or documentary problems. However, computerizing the activities of the various parties involved in the control or monitoring of external trade flows will only be beneficial if existing administrative and commercial practices are first reformed in depth.

A.2.3. Customs reform and automation

8. To minimize administrative costs to the business community and the national economy, Customs clearance must be improved through the introduction of the simplified procedures, the streamlining and harmonization of documents and computerization. In its performance, Customs should appear as a service provider to the traders, i.e. supporting international trade through efficient and speedy import and export clearance of goods, without jeopardizing the interests of the Treasury.

9. The following diagram depicts the three major areas for the **promotion of Trade Efficiency**. It also highlights the role of the public and private sectors in reducing transaction costs and monitoring external trade flows.



B. A NEW APPROACH TO TRADE EFFICIENCY

B.1 Need for a partnership....

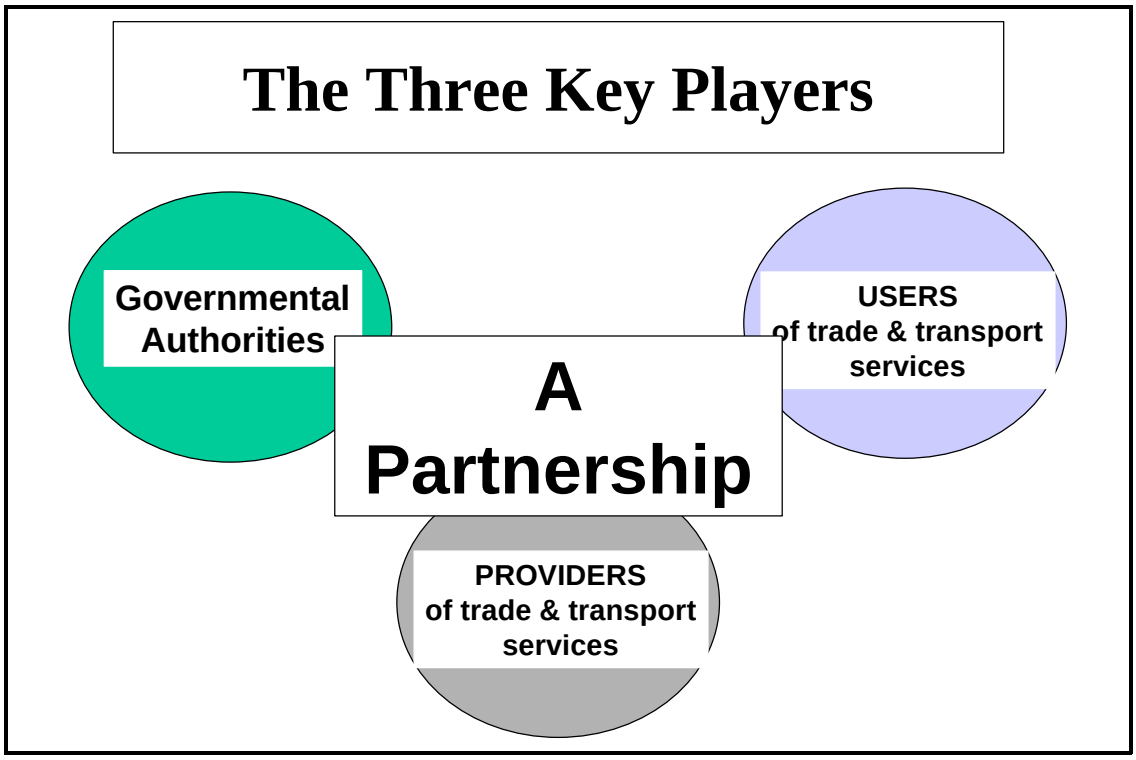
10. From the above description, trade efficiency requires a series of actions and measures combining door-to-door logistics, trade facilitation, and Customs reform and automation. It covers not only the economic, commercial and operational aspects of the international trade transaction (including the movement of goods), but also other issues relating to the facilitation of transport (including the responsibility for goods while in transit).

11. The implementation of these actions and measures implies consideration of the interlinked roles of the three main players closely involved in the trade and transport sectors of the country, who -together- can develop a ***partnership for growth***:

- the **Government** (e.g. Ministries of Transport, Trade, and Finance, including Customs, and related institutions), in designing and implementing national laws and regulations regarding trade and transport;

- the **Services Providers** (carriers, freight forwarders, multimodal transport operators, banking institutions, insurance companies, etc.), by offering market-oriented trade and transport solutions within the framework of national and international trade and transport practices ; and

- the **Traders, i.e. the transport users** (importers and exporters), who can benefit from such solutions in their international trade transactions.



B.2. .... to solve major national problems.

12. Many trade and transport problems are the result of institutional, intergovernmental and legal issues such as decentralized decision-making processes across various levels of government; complex, sometimes conflicting, responsibilities of different governmental units; and the difficulties in merging public goals with those of the private sector.

13. As an essential part of international trade is international transport. In many countries, Governments have no specific entity dealing with international transport issues. Different departments of ministries or even different ministries deal with specific but fragmented aspects (sea, air, road, rail) of such issues. International transport constitutes a kind of "no-man's land" where coordinated decisions are rendered difficult. As a result, there is very little awareness within public offices of the importance of national transport in the context of international trade. This situation limits the possibility of promoting new forms of transport (e.g. multimodal transport) which Governments could use to stimulate national demand and supply for modern transport services. The coordination of various planning authorities is essential to create awareness at the national level.

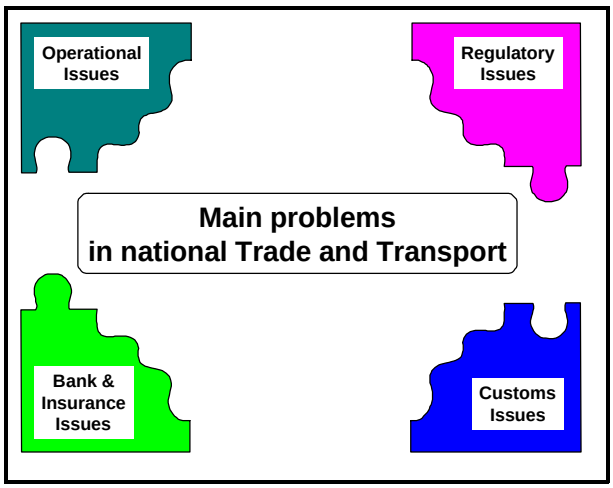
14. As far as international transport is concerned, there is often no coordination structure between private and public sectors. This is all the more disturbing because the public sector is completely national, and the private sector is partly foreign. Working relations between public offices and administration, on the one hand, and private enterprises, on the other, may be marked by mistrust, if the services try to defend public interest; or by complicity, when they yield to entreaties. Any strategy for improvement of this situation might involve a profound change in the mind-set of both parties.

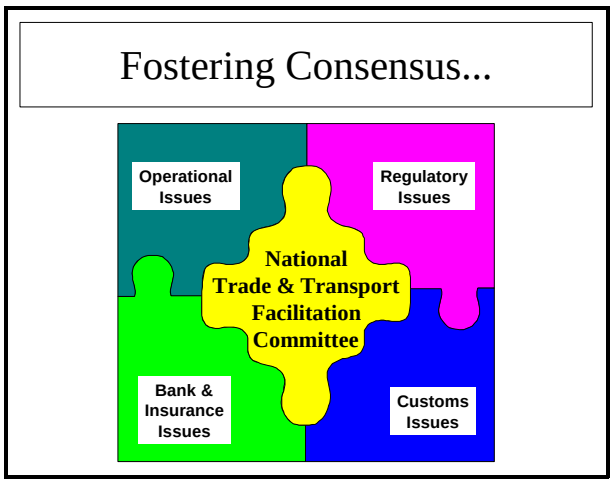
15. This implies not only changes of responsibilities among governmental units but also the establishment of new coordinating entities and new public-private partnerships in the operation of transport systems. This will facilitate the eradication of existing trade barriers and turn the developing countries and countries in transition into powerful, homogeneous "export machines" where all links in the manufacturing and transport chain work not only in perfect harmony among individual concerned entities, but also in tune with a flexible regulatory machinery designed to support trade expansion.

16. To take account of all interests involved in the promotion of trade, it is essential to rationalize and coordinate the policies, be they related to trade, transport or fiscal measures, through a closer relationship between the three groups of players.

17. A proper consultation mechanism must be set up. This mechanism could serve as a national forum to propose, discuss, consult and search consensus between commercial parties and governmental authorities on facilitation measures to improve international trade and transport. As a result of a joint public and private initiative, this forum would aim at providing a coordinated, coherent and harmonious environment to enhance the competitiveness and quality standards of a nation's trade and transportation system.

18. In this context, the private sector must not only be seen to play the leading role, it must be the *de facto* driving force.





C. THE NATIONAL TRADE AND TRANSPORT FACILITATION COMMITTEE (NTTFC)

19. Governments are invited to consider the possibility of establishing National Trade and Transport Facilitation Committees, along the lines described hereafter, on the basis of the terms of reference included in Annex One.

C.1. Purpose of a NTTFC

20. A NTTFC is a formally constituted body where all interested parties in the Nations's international trade and transport could present their respective problems and search, through concertation and consensus, mutually agreeable solutions. It would act as an inter-institutional forum to promote facilitation, study international trade and transport regulations, prepare recommendations, and create transparency on major trade and transport issues.

21. A NTTFC is a **consultative organ**; its outputs are recommended measures or actions to be voluntarily taken and implemented by the concerned members of the Committee.

C.2. NTTFC's membership

22. The membership of the NTTFC should be made of all key partners to the Nation's trade, be they from the public sector or the private sector.

23. The following (non-exhaustive) list includes the main institutional structures which are competent or responsible for policy, monitoring and control of some activities related with the international transport of national trade:

Key Partners to Trade

Public sector

- **Transport**
  - Ministry
  - Parastatal companies
- **Commerce**
  - Ministry
  - Foreign Trade Instit.
  - Banking & Insurance
- **Finances**
  - Ministry
  - Customs Administr.

Private sector

- **Transport**
  - Prof. associations
  - Operators, agents
- **Commerce**
  - Chambers of Comm.
  - IMP/EXP associations
  - Banking & Insurance associations
- **Finances**
  - Prof. associations
  - Customs agents

a. Ministry of Works, Transport and Communications (including terminal operators);
b. Ministry of Finances (particularly Customs);
c. Ministry of Trade;
d. National associations of carriers (including freight forwarding association);
e. National associations of transport users (importers, exporters, Shippers' councils, etc.);
f. National associations of banking institutions;
g. National associations of insurance companies; and
h. Chambers of Commerce.

24. The participation of these institutions in the NTTFC should be made through authorized representatives who will be in a position to express the views of their respective institutions.

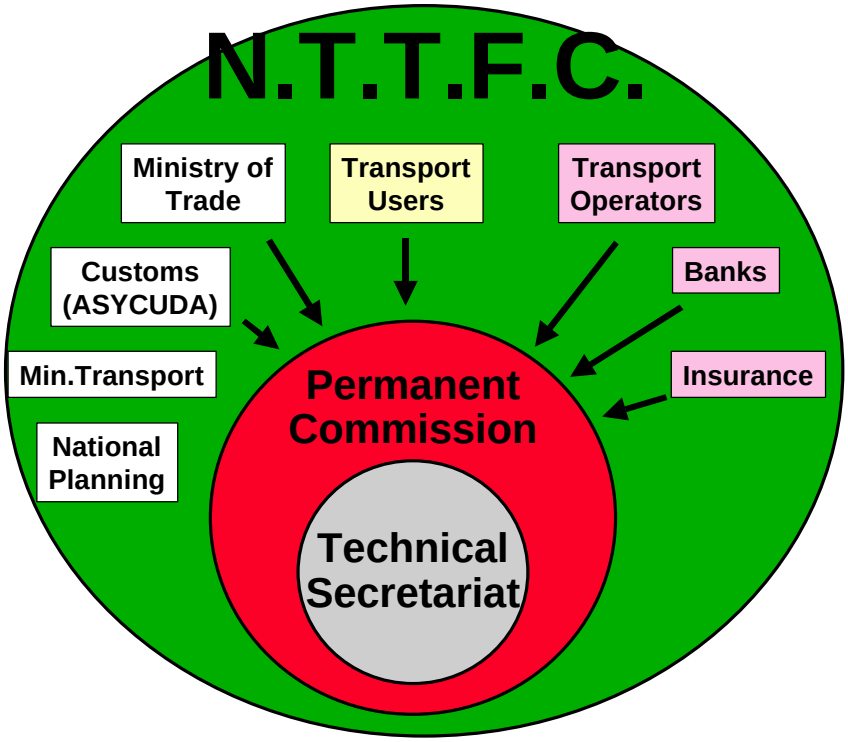
25. The participation of both public and private sector representatives should enable an open dialogue on technical or policy issues and the reasoning behind certain decisions. Also it provides an opportunity for the Government's representatives to hear first hand what the implications of certain government policy decisions have on industry. Moreover, such a mixed representation will have better recognition with the concerned Government's institutions.

C.3. Organization of the NTTFC

26. Some 20 to 40 public- and private-sector representatives constitute the Committee. However, such a large group is generally not appropriate to elaborate proposals. It is therefore suggested that a **Permanent Commission**[1] be created to prepare the decisions to be taken by the Committee.

27. This Permanent Commission would include a limited number of participants (less than 10), originating from the most relevant institutions (Ministries of Transport, Trade, Finances, plus representatives from key private sector institutions: banks, insurance, transport operators, transport users). The Permanent Commission could organize its work in *ad-hoc* Working Groups constituted on the basis of specific requests from the Committee; it could also take advantage of any existing institution such as a PRO organ already established according to the original Recommendation No. 4. Representation in these Working Groups should be drawn from relevant industry sectors to ensure quality of input into the policy making process. The task of the Permanent Commission would be to prepare documentation for the Committee to assist the decision-making process.

28. Since the members of the Permanent Commission are regular staff of their respective institutions, it can be expected that they will only have limited time to devote to the Commission regarding the practical elaboration of the documentation. It is therefore considered appropriate to have a **Technical Secretary** (see terms of reference in Annex TWO) whose duties would be to ensure the day-to-day functioning of the Commission and the preparation of the NTTFC meetings.



[1] This "Permanent Commission" could be called: Standing Commission, Technical Committee, or any appropriate other name.

C.4. Responsibilities and role of the NTTFC components

29. The following page pictures the participation and responsibilities of the different components of the NTTFC, while the diagram below shows the inter-related role of the Committee, the Permanent Commission and the member institutions.

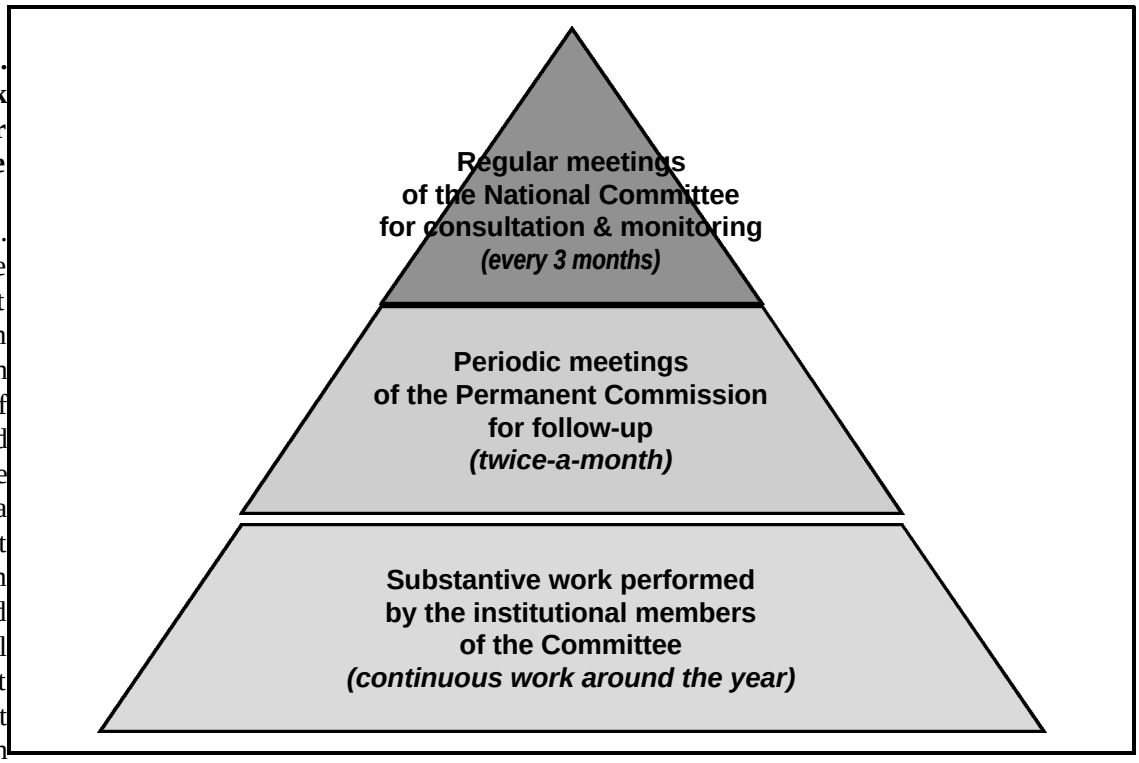
30. The NTTFC is expected to meet 2 or 3 times per year. The agenda of these meetings would cover, *inter alia*, the following items:

a. Discussion of the proposals of solutions to problems identified in previous Committee meetings;
b. Identification of new issues and prioritization of these issues;
c. Assignation of tasks to members.

31. The Permanent Commission would meet on a regular basis, probably twice a month, to follow up the work of the Committee members in their search for solutions to the identified issues.

32. The member institutions would continuously work, within ad-hoc Working Groups, towards the elaboration of documents supporting the solutions they wish to propose to the NTTFC. They would be assisted in their tasks by the Technical Secretary.

C.5. Work Programme



33. Trade facilitation in itself should not be just a short term remedial activity but an ongoing strategy which increasingly, with developing information technology, needs a focused work programme covering the whole of the international trade transaction, including transport issues.

NATIONAL TRADE AND TRANSPORT FACILITATION COMMITTEE

Participation		Responsibilities
	Facilitation Committee	
Representatives (20 to 40) from: *Min.Transport; Min.Trade;* *Min.Finances (Customs);* *Associations of transport operators;* *Assoc.of transport users; Banking institutions; Major insurance companies;* *Chambers of Commerce.*	**Permanent Commission**	Meets every 2-3 months; Is consulted on inter-sectorial issues; Makes suggestions to competent authorities; Establish work programme.
Few (10) institutional members, including: *Min.Transport; Min.Trade;* *Min.Finances (Customs);* *Associations of transport operators and users;* *Banking and insurance companies.*	**Technical Secretary**	Meets every two weeks; Prepares substantive documentation; Follows-up on-going work; Follows-up on implementation of decisions.
Local full-time Professional	**Secretary** / **Adviser**	Organizes meetings & seminars; Assists in preparing documentation; Daily follow-up on NTTFC decisions; Negotiations with authorities; Institutional promotion of the NTTFC.
Local secretary and part-time International Adviser		Provides secretarial support; Provides substantive support for meetings & seminars; Provides substantive support for the preparation of documentation; Promotes the activities of the NTTFC.

34. The drawing up of a work programme will be established through consultations with all interested parties, using workshops, seminars, or "brainstorming" sessions. It needs to be flexible enough to take into account issues that arise which cannot be anticipated. The ability to respond effectively to a potential proposal or a situation that might be negative or disproportionate is a necessary element of a trade and transport facilitation activity. The work programme needs to include promotion of trade and transport facilitation best practice techniques and be linked into the promotion of best practices by other relevant organizations and Government departments.

35. The established NTTFC should also seek representation with relevant external bodies and organizations. This will help to maintain an appropriate quality of information. In particular, it should seek recognition and a position on the national delegation to UN/ECE CEFACT, the World Customs Organization, the International Maritime Organization, the International Chamber of Commerce as well as participation in regional trade facilitation activity e.g. the EUROPRO.

36. The drawing up of a work programme will be established through consultations with all interested parties, using workshops, seminars, or "brainstorming" sessions. It needs to be flexible enough to take into account issues that arise which cannot be anticipated. The ability to respond effectively to a potential proposal or a situation that might be negative or disproportionate is a necessary element of a trade and transport facilitation activity. The work programme needs to include promotion of trade and transport facilitation best practice techniques and be linked into the promotion of best practices by other relevant organizations and Government departments.

37. The established NTTFC should also seek representation with relevant external bodies and organizations. This will help to maintain an appropriate quality of information. In particular, it should seek recognition and a position on the national delegation to UN/ECE CEFACT, the World Customs Organization, the International Maritime Organization, the International Chamber of Commerce as well as participation in regional trade facilitation activity e.g. the EUROPRO.

D. FUNDING

38. The NTTFC will need to finance its Secretariat. It is therefore essential that, whatever the funding arrangements are, the Committee has a sound financial base in order to be able to deal, with the necessary independence, with issues on both a short and longer term basis. This funding should be established on a rolling basis to cover not less than 3-5 years periods.

39. With a sense of cooperation, all members institutions of the NTTFC should contribute to the financing of its Secretariat.

40. The funding arrangements could include, *inter alia*:

a. Contributions "in kind" from governmental institutions, in the form of office space, office furniture and equipment (phone, fax, photocopying machine, etc.);

b. Grant from Government, through its own budget or through international loans;

c. Financial contributions from the private sector institutions (providing this does not undermine the terms of reference and remit of the organization). For example, each private sector institution participating in the NTTFC could contribute with the equivalent of one-month salary of their respective General Secretary;

d. Additional funding, as the case may be, on the basis of "one-off" projects or special needs.

D.1. Staffing needs

41. The staffing of the Committee' secretariat is particularly important. Appropriately experienced and motivated staff need to be acquired to carry out trade facilitation successfully. The recruitment of the appropriate Technical Secretary is probably one of the more important aspects of the Committee's establishment. This employee, whose terms of reference are presented in Annex TWO, should be a person most likely issued from the private sector, with a number of capabilities making him/her an interesting "character" ready to face an awarding challenge. A proper remuneration should be granted to such a "character" in order to secure his constant interest.

42. It is suggested that funding should allow to recruit the following personnel:

a. One NTTFC Technical Secretary;
b. One NTTFC secretary; and
c. Local trade, transport and legal consultants (as required).

43. This personnel would be recruited for a period of one year, renewable. They would be located at an office provided, for example, within the Ministry of Trade.

44. Funds should also be provided for:

a. basic equipment (office equipment, one vehicle), unless provided as "in kind" contribution from a governmental institution;
b. running expenses (office supply, telephone, local transport, etc.) and for organization of the NTFFC meetings;
c. contracting, as appropriate, local and foreign technical assistance in the field of transport facilitation. The consultants' main task will be to assist and guide the Technical Secretary in the preparation and running of the Committee meetings; and for
d. contracting local studies and/or surveys, as appropriate.

D.2. Budget

45. A possible budget structure, to cover the functioning of a NTTFC, has been prepared and is attached to this Annex THREE.

E. STEPS TOWARDS THE CREATION OF A NTTFC

46. As a preliminary step towards the creation of a NTTFC, to keep informed all interested parties of the development of trade and transport issues, awareness campaigns should be organized through seminars, workshops, round-tables in specific sectors of the national economy. Such awareness campaigns may be organized by local professional associations, such as Chambers of Commerce, shippers' councils, freight forwarders association, etc.

47. Then, the following actions may be considered when establishing a National Trade and Transport Facilitation Committee:

a. Prepare the Terms of Reference of the Committee, Permanent Commission and Technical Secretary;
b. Elaborate a proposal for the formal establishment (e.g. a decree) of the NTTFC. The Committee will need to have a formal remit or terms of reference under which to operate that needs to cover all aspects of work to be undertaken. The legal base, structure and administrative framework of

a NTTFC may differ considerably from one country to another. The constitution document should specify, *inter alia*, the legal basis and the broad structure of the organization, and the appointment of officers;

c. Elaborate a proposal for the funding of the NTTFC;
d. Identify possible key issues to be considered by the NTTFC;
e. Identify all potential key partners;
f. Call meeting of all identified key partners to launch the establishment of the NTTFC, to agree on suitable terms of reference of the Committee and its bodies, to determine how the Committee will be funded, and to elaborate a programme of work;
g. Set up (institutionalize) the Committee;
h. Schedule regular meetings (once a quarter, for example) of the Committee;

i. Allow the Committee to establish small working groups to deal with specific issues and let these working groups work and report back to the full Committee for consideration, recommendations and action; and

j. Implement agreed recommendations and/or actions.

F. HOW THE CONCEPT OF "NTTFC" HAS DEVELOPED

48. In cooperation with UN/ECE, the UNCTAD secretariat has for many years promoted the establishment of National Facilitation Organs that unite a number of players for the discussion of possible solutions to common trade-related problems. These committees were based on the UN/ECE Recommendation No 4.[2] Currently there are over [thirty five] such national trade facilitation organs around the world. They operate with the support of the trading community and governments in their respective countries.

49. Lately, the need for a new form of cooperation between concerned parties in national trade and transport has developed. A number of so-called **National Trade and Transport Facilitation Committees (NTTFCs)** have been established as an important output in various UNCTAD-executed technical assistance projects (see Annex FOUR on existing NTTFCs). In addition, the promotion of NTTFCs has been the basis for a Memorandum of Understanding on trade facilitation, between UNCTAD and the Latin American Association for Integration.[3] This Memorandum received the full support of the Conference of Transport Ministers of Latin America and has triggered action from one country, in 1997. Similarly, the establishment of NTTFCs was among the main recommendations presented for the implementation of the Border Crossing Facilitation Project to the Southeast European Cooperative Initiative (SECI) Agenda Committee.

50. NTTFCs have a somewhat larger membership than the facilitation organs proposed in Recommendation No. 4, incorporating all the actors in a trade and transport transaction, including relevant governmental departments. By meeting regularly and reaching decisions agreed to by all members of the Committee, these NTTFCs are able not only to overcome misunderstandings, but also to propose widely acceptable solutions to trade and transport problems and, thus, to promote transport efficiency.

51. Recommendation No. 4 was adopted, in October 1974, by the members of the Working Party on Facilitation of International Trade Procedures. These members were representing developed countries [or blocks] registered with the UN/ECE. The Recommendation suggests (in paragraph 15): "*to create a framework for permanent consultation and cooperation between the various parties interested in facilitation of international trade - a FALCOM*". In paragraph 20, it presents possible areas for action: trade document alignment; and automatic data processing and coding. In those days and for those developed countries, these areas of concern were surely significant to international trade. While these areas are still important today, particularly for developing countries and countries in transition, it appears that many countries are now facing different problems, particularly in their institutional organizations, and require profound reforms in the trade and transport sectors.

52. In countries where trade facilitation organs have already been created under Recommendation No. 4, Government might wish either to review the mandate of the existing PRO organ in order to enlarge its scope along the lines of the recommended NTTFC, or to create a NTTFC and make the PRO organ a key member within the new Committee.

---

[2] "National Trade Facilitation Organs: Arrangements at the national level to coordinate work on facilitation of trade procedures", Recommendation No. 4 adopted by the Working Party on Facilitation of International Trade Procedures, TRADE/WP.4/INF.33, Geneva, October 1974.

[3] "Asociación Latino Americana de Integración (ALADI)", with headquarters in Montevideo, Uruguay.

<u>Annex ONE</u>

National Trade and Transport Facilitation Committee

Terms of Reference

A. Purpose and Objectives

1. The purpose of the National Trade and Transport Facilitation Committee (NTTFC) is to encourage the modernization of trade and transport practices in support of the Nation's foreign trade.

2. The specific objectives of the committee are as follows:

   a. to provide a national forum for the facilitation of formalities, procedures and documentation used in international transport and trade *(facilitation objectives);*

   b. to propose, for government approval, draft transport and trade-related regulations and practices *(regulatory objectives);*

   c. to make policy recommendations on future trade- and transport-related investments *(development policy objectives)*; and

   d. to increase awareness of the methods and benefits of transport and trade facilitation *(training objectives).*

3. These four specific objectives will lead to the following activities:

   a. Facilitation objectives:

      i. to ensure the proper coordination in the field of facilitation of international trade and transport;

      ii. to keep under review the procedures required in international trade, including multimodal transport, with a view to their simplification and harmonization;

      iii. to collect and distribute information on international trade and transport formalities, procedures, documentation, and related matters;

      iv. to pursue the simplification and alignment of trade and transport documentation on the basis of the United Nations layout key, including documents designed for use in computer and other automated systems; and

v. to promote the adoption of the standard trade and transport technology and international codes for trade and transport information (EDI communications).

b. Regulatory objectives:

i. to review, comment, amend, and propose for government approval new draft documents on liability, civil responsibility, banking and intermodal transport regulations (including container transport) with a view to update current regulations and practices embodied in the Commercial Code and other legal texts;

ii. to follow up on the final approval of proposed regulations and practices with the various institutions concerned and through institutional and executive channels; and

iii. to examine the convenience for the country to adhere to international conventions which can facilitate international trade and transport, including the *United Nations Convention on the Carriage of Goods by Sea,* the *International Multimodal Transport of Goods Convention,* the *Kyoto Convention,* the *1972 Customs Convention on Containers,* and the *Convention on Temporary Admission of Containers.*

c. Development Policy objectives:

i. to review the policy content of intermodal transport investments (such as potential ICDS) and to facilitate, as appropriate, the introduction and development of transport and trade technologies/investments (such as EDI technology); and

ii. to address, as a national consulting body, questions related to the institutional development of intermodal regional and international transport (such as the international coverage of national companies; public responsibility and management of facilities; joint-ventures; etc).

d. Training objectives:

i. to organize and implement campaigns to publicize the benefits and requirements of simplified documents and procedures, aimed at policy-makers and senior decision-makers in government organizations, parastatal bodies and transport operators, and Customs and other regulatory bodies;

ii. to organize and present a series of seminars of workshops for policy-makers and senior decision-makers, and for middle and junior managers in transport operations, to make them aware of international trade and transport principles, practices and implications; and

iii. to organize, as a follow-up to the awareness programs, short visits by technical experts to advise on how to improve trade transactions, to streamline transport logistic operations, and to maximize the benefits derived from facilitation.

B. Composition and Authority

4. The National Committee would bring together authorized representatives of all parties concerned with international transport and trade issues in the country:

- transport authorities
- other government agencies (customs/Ministries of Finance, Planning, Central Bank, etc.)
- other banking institutions
- insurance companies
- transport users (shippers, consignees, importers, exporters, freight forwarders, etc.)-. Chamber of Commerce
- international transport operators (shipping companies, airlines, MTOs and their agents)
- port authorities and transport terminal operators (including ICD operators)
- inland transport operators (road, rail, inland waterways).

5. A lead organization for the National Committee should be identified by the Government (e.g. the Central Planning Unit), in consultation with the concerned ministries. lt might be convenient to give this responsibility to the Ministry of Transport/Communications or the Ministry of Trade, which can also provide secretariat services to the committee, or to the Ministry of Finance as responsible for Customs. The Committee will designate a *chairman*, preferably the minister, the secretary general, the permanent secretary of the designated ministry.

6. The Committee will set-up a Permanent Commission to follow-up its decisions. Both the Committee and the Permanent Commission will be assisted in their deliberations and work by an appointed Technical Secretary. This Secretary will have full-time responsibility for the daily running of the Committee and Permanent Commission and will prepare the agenda for meetings of the two organs.

7. The authority of the committee is part of the authority of the respective participating institutions.

C. Scope of the Committee Recommendations

8. The committee is a consulting body. It will have authority to prepare recommendations and advise on domestic and foreign policy matters related to the development of trade and transport. Its recommendations will be made in the form of proposals to the institutions concerned and to the executive branch of the Government.

9. The chairman of the committee will, at the request of the Committee, submit the committee's proposals to the appropriate authority.

D. Work Program

10. The Committee will prepare and implement its work program aimed, *inter alia*, at:

a. the implementation of harmonized national trade and transport regulations, and the organization of trade facilitation and multimodal transport training activities;

b. the development of policies and solutions to trade facilitation and multimodal transport problems, in particular regarding daily problems of port operations, inland transport as well as Customs related issues; and

c. the national promotion of the development of EDI systems (EDI).

11. The Committee will meet regularly (e.g., two or three times per year) or at the request of its Chairman or any of its members.

12. The minister of the designated chairman ministry will chair the Committee meetings. The representative of the Chamber of Commerce could act as executive secretary and will be assisted by the NTTFC's Technical Secretary.

E. Sub-regional Coordination

13. From each of the National Committees, two of three members, including the chairmen and the Technical Secretaries, will constitute the Sub-Regional Trade and Transport Facilitation Committee, which will meet every six months. The basic terms of reference for this Sub-Regional Committee are:

- To monitor regional progress in the field of transport and trade and to coordinate regional awareness campaigns;
- To identify common inhibitions (technical, institutional or commercial);
- To identify common solutions/regional action required to solve existing problems,
- To set region-wide standards for documentation, tariff structures, EDI, etc.

14. *The Sub-Regional Committee will have an important role to play.* Some activities, such as standard-setting, necessarily have to follow a top-down approach, while the very nature of facilitation measures and multimodal transport requires that cross-border coordination takes place. In fact, the need for coordination will not be confined to the trading partners and third countries, since the introduction of facilitation measures and multimodal transport by one country and not by its neighbors may create problems with respect to transit trade from, to, or through such countries.

15. The important steering role of the Sub-Regional Committee could be substantially strengthened by assigning *ad-hoc* expert services at its disposal.

Annex TWO

Technical Secretary

National Trade and Transport Facilitation Committee

Location: Capital and field, as required

Duration: One year, renewable
3 months probatory period

Post title: Technical Secretary for the National Trade and Transport Facilitation Committee (NTTFC)

Functions: Under the guidance and supervision of the Chairman of the Working Group of the NTTFC, the Technical Secretary will be responsible for the daily operation of the Working Group of the NTTFC.

He/she will, *inter alia*:

1. prepare the meetings of the NTTFC, including:
   a) preparation of the agenda;
   b) send invitations and follow-up participation;
   c) collect the background documents and information;
   d) make appropriate facility reservation and any other necessary arrangement;
   e) assist in the running of meetings;
   f) prepare and distribute the minutes of the meetings.

2. coordinate and follow-up the preparatory work of the concerned member institutions, including the organization of any preparation work or meeting necessary prior to the running of NTTFC meetings.

Qualifications:

1. He/she should have a University degree in Economics, Law, Social Sciences or Engineering.

2. His/her experience should be based on 10 to 15 years of professional practice (of which, at least, five years at managerial level) in the country's commercial sector (Trade, or Transport closely related to Trade), or in an Administration related to Trade and Transport.

3. He/she should also be able to demonstrate a strong interest in trade facilitation and solid knowledge at Customs techniques, with a capacity to analyze bottlenecks and implement consensual solutions among authorities and commercial partners.

4. Experience should include practice in the implementation of administrative facilitation measures.

5. He/she should be recognized and accepted by the member institutions of the NTTFC.

6. He/she should be able to prepare agendas, minutes and reports related with the organization of NTTFC meetings.

7. He/she should be able to direct meetings, and to cooperate and liaise with the representatives of the various member institutions of the NTTFC and with the representatives of donor institutions and countries.

Languages: Local mother-tongue and good knowledge of English and/or French.

Office: The Technical Secretary's office will be located within the Ministry of Trade [or the Ministry of Transport].

Reporting: Every 3 months, the Technical Secretary will present a brief report of activities.

<u>Annex THREE</u>

National Trade and Transport Facilitation Committee

Budget structure

1. This structure is divided into four parts:

   a. Operating expenses related to Committee's staff and including the recruitment of local consultants and the procurement of local studies and/or surveys;
   b. Expenses related to the organization of Committee/Commissions meetings, as well as to the organization of conferences and seminars;
   c. Expenses related to the procurement of office equipment and stationery, as well as to the possible rehabilitation of the Technical Secretary's office and the procurement of a vehicle (if deemed appropriate); and
   d. Miscellaneous expenses related to reproduction of documents and unforeseen expenses.

2. The following information is provided on the possible criteria to be used in the elaboration of a budget:

   a. **BL17-01 & BL17-02:** Corresponds to salaries for the Technical Secretary and his/her secretary;

   b. **BL17-03 :** "Local consultants" covers possible consultants' honoraria for the provision of specific assistance;

   c. **BL17-04:** "Studies and surveys" corresponds to a lump-sum to cover the costs of studies which might be locally required;

   d. **BL17-05:** "Local transport" corresponds to the necessary operating costs of running the NTTFC-assigned vehicle (if deemed appropriate);

   e. **BL30-01 & BL30-02:** "Seminars & Workshops" corresponds to a lump-sum to cover the organization (local logistics) of meetings, conferences and seminars, as required by the NTTFC;

   f. **BL41-01:** "Stationery" corresponds to normal office expenses related to paper, pencils, etc.

   g. **BL42-01:** "Refurbishing" corresponds to the costs of having minimum working conditions (facilities) for the NTTFC;

   h. **BL42-02:** "Office equipment" corresponds to the costs of having minimum working conditions (equipment) for the NTTFC;

   i. **BL42-03:** "Vehicle" corresponds to the procurement of a vehicle to be assigned to the Technical Secretary of the NTTFC;

   j. **BL52-01:** "Reporting" corresponds to the expenses for the reproduction of documents.

N.B. this page is not available on diskette

Code	Description	Installation expenses	Yearly operating expenses		Basis of calculations
		USD	m/m	USD	
BL17-	**COMMITTEE'S STAFF**				
BL17-01	Technical Secretary		12.0		Salary
BL17-02	Secretary		12.0		Salary
BL17-03	Local consultants		0.0		*Honoraria*
BL17-04	Studies & surveys				External contracts
BL17-05	Local transport				Vehicule maintenance & national trips
BL19-	**TOTAL STAFF**		24.0	0	
BL30-	**ORGANIZATION OF EVENTS**				
BL30-01	Committe/Commissions' meetings				Renting of facilities and services
BL30-02	Conferences & seminars				Renting of facilities and services
BL39-	**TOTAL EVENTS**			0	
BL40-	**EQUIPMENT & STATIONERY**				
BL41-01	Stationery				Operating expenses Stationery, phone, fax
BL42-01	Office rehabilitation				In case of office rehabilitation
BL42-02	Office equipment				Furniture, computer, photocopying mach., etc.
BL42-03	Vehicule				when not provided by an institution
BL49-	**TOTAL EQUIPMENT & STATIONERY**	0		0	
BL50-	**MISCELLANEOUS**				
BL52-01	Reporting				Reproduction of documents for meetings
BL53-02	Various				Unforeseen expenses
BL59-	**TOTAL MISCELLANEOUS**	0		0	
	Total de expenditures	0		0	
	GRAND TOTAL (first year)			0	***Minimum Budget***

Annex FOUR

National Trade and Transport Facilitation Committee

References to some UNCTAD's experience

1. In the recent years, UNCTAD has promoted the creation of NTTFCs in various countries, as part of its technical assistance activities. Some of these projects are briefly described below.

2. **Ethiopia (1990):** Under a centralized Government, the Committee was created by the Ministry of Transport, with participation of the key governmental institutions. No private sector (it didn't exist) was involved. Initial work was carried out (basically on legal and Customs reforms), but the change of Government has halted the process.

3. **Mozambique (1994):** A Facilitation Committee had been created few years before this project started. This committee was never operational. The new project included the creation of an NTTFC among its activities. Attention was drawn to participants of a MT workshop. Ministries of Transport, of Trade, and of Finances (Customs) -at Minister level- were properly motivated by the project field experts. It was decided to create a NTTFC, a Permanent Commission (for weekly follow-up) and a Technical Secretary (for day-to-day actions and preparation of Commission and Committee meetings). The coming phase of the project includes financial support for the Technical Secretary.

4. **Colombia (1994):** A "public sector" committee had already been created by the Ministry of Transport. After a workshop on multimodal transport, the Ministry recognizes the need to open the participation in the committee to the private sector. Since mid-1994, there is in Colombia a Presidential Commission on Competitiveness. This Commission includes five Advisor Committees: Management and productivity; Technology; Human resources; Infrastructure; and Institutional reforms. A sixth Committee, on Trade and Transport Facilitation, has been proposed and agreed in principle. AS of mid-1997, the Committee had held various meetings and appears to be still running.

5. **Pakistan (1994):** After a series of MT Workshops having been held in several cities in Pakistan, a Trade and Transport Facilitation Council was established by the private sector under a licence from the Corporate Law Authorities of the Companies Ordinance. Since its inauguration, the public sector has been invited to join the initiative. The secretariat has for the time being been established in the Pakistan Shippers Council where one senior executive is acting as the coordinator. A new project on trade and transport facilitation, financed by the World Bank, is due to start in 1998. It will support the work of the existing NTTFC.

6. **Nepal (1998):** The World Bank is financing an important project on trade and transport facilitation, to be initiated in early 1998. As a pre-condition to the World Bank loan, the Government has established a NTTFC which will serve as a "sounding board" for the implementation of the project recommendations.