



**Economic and Social
Council**

Distr.
GENERAL

ECE/TRADE/306/Add.1
6 June 2003

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR EUROPE
COMMITTEE FOR TRADE, INDUSTRY AND
ENTERPRISE DEVELOPMENT
Seventh session, 13 and 16 May 2003

INTERNATIONAL FORUM ON TRADE FACILITATION
Geneva, 14-15 May 2003

CHAIRMAN'S CONCLUSIONS:
THE WAY FORWARD TO FACILITATE TRADE

Introduction by the secretariat

The Second International Forum on Trade Facilitation, which took place on 14 and 15 May 2003, gathered around 500 participants: policy makers and experts from Governments, international organizations, the business community, and civil society from nearly 80 countries. The United Nations Economic Commission for Europe (UNECE) very much appreciated the contributions of all the speakers and participants at the Forum for the lively discussions, which was the distinguishing characteristic of the Forum. The Forum's basic subjects were as follows:

- How to guarantee a better share of the benefits of trade facilitation for developing and transition economies and small and medium-sized enterprises;
- How to achieve a balance between trade facilitation and the new security initiatives and measures;
- The need to develop and implement new instruments and technical standards for trade facilitation.

Through such Forums, the United Nations Economic Commission for Europe provides a neutral platform for open discussion about issues concerning trade facilitation. The issues range from the necessity to develop capacity-building projects for developing and transition economies, to the development of technical standards, and the issues at stake in the multilateral trade negotiations. The participants in this Forum witnessed a dynamic debate on all these issues, including the role of the various United Nations bodies, the World Customs Organization (WCO) and the World Trade Organization (WTO) in trade facilitation. Being only four months away from the Fifth WTO Ministerial Conference in Cancún, it was not surprising that participants in all

/...

sessions of the Forum brought up the leading issues in the debate on trade facilitation in the WTO. Many representatives from industrialized countries and the business sector expressed a strong wish to include trade facilitation in the multilateral trade negotiations. At the same time, representatives of the developing countries, as well as the UN Economic Commission for Africa, the UN Economic Commission for Latin America and the Caribbean, and the UN Economic and Social Commission for Western Asia, stressed that developing countries were concerned about the costs and potential consequences of subjecting trade facilitation to WTO rules-based mechanisms and enforcement.

The Forum was not an inter-governmental meeting, with formal decisions. It was a broad platform for policy debate, involving Governments, international organizations, the business community and NGOs. Everyone who participated in this event, including representatives of industrialized and developing countries, expressed their own vision of trade facilitation. The Chairman of the Forum, Ambassador Wasescha, Delegate of the Swiss Government for Trade Agreements, prepared his Conclusions on the basis of reports written by rapporteurs from the various sessions and his own observations. The Chairman's Conclusions thus represent the product of his effort to give an overview of the various positions stated at the Forum, a procedure agreed upon before the first International Forum on Trade Facilitation, in May 2002. The Chairman's Conclusions do not, therefore, represent the official point of view of the UNECE, nor of any of the delegations to the Forum.

In view of the success of these forums, the UNECE will prepare a publication (both as a book and on the Internet), summarizing the presentations made at the 2003 Forum.

Further details can be found on the following web site: www.unece.org/trade/forums/forum03/index.htm or send an e-mail to trade@unece.org, tel. +41 22 9171134.

CHAIRMAN'S CONCLUSIONS: THE WAY FORWARD TO FACILITATE TRADE

On 14/15 May 2003, the International Forum on Trade Facilitation provided the opportunity to address the following topics:

- How to achieve benefits for all from trade facilitation?
- Trade facilitation policy and new security initiatives
- The role of the business community: mechanisms of cooperation
- Open regionalism
- Intellectual property rights and trade facilitation
- Leading edge technical issues in trade facilitation

The Forum provided an opportunity to formulate a strong message towards trade liberalization in an economically challenging surrounding having in mind the variety of situations, especially in developing countries and countries in transition. Furthermore, the Forum confirmed the conviction of the trade facilitation community that trade facilitation is a winning runner for the ongoing WTO trade negotiations with potential benefits for all members. Trade facilitation covers a broad range of both private and public issues in goods and services, and therefore requires a close cooperation of all actors involved. The participants were aware that a large number of developing countries and countries in transition needed specific technical assistance and capacity building in addition to that provided by WTO, in order to benefit fully from the results of trade

facilitation. There is a potential saving of billions of dollars and improved market access conditions in the implementation of trade facilitation measures.

The Forum expresses its deep recognition to UNECE and the twelve other organizations which collaborated in the preparation of the event as well as to the sponsors for their contributions for the thorough conduct of such a useful and timely event. The Forum expresses its gratitude to the speakers and rapporteurs for their valuable contributions to the success of the meeting. Close to 500 participants represented governmental, intergovernmental and private sector interests. A very interactive discussion took place.

Session 1: How to achieve benefits for all from trade facilitation?

1. Trade Facilitation is a broad issue, which if addressed fully, can generate benefits for society in general, trade, producers, distributors and consumers, private actors and Governments. The benefits could include:
 - Promotion of trade and investment leading to a better distribution of wealth;
 - Lower transactions costs;
 - Improved revenue collection. Government resources could be used to support pro-poor or social improvements;
 - Better allocation of resources;
 - Benefits for small businesses by easier access to international trade and greater consistency and transparency;
 - Lower administrative costs, especially for developing countries and economies in transition.
2. Greater political support and commitment is required to raise the awareness and importance of trade facilitation, including customs procedures, other procedural and compliance costs, and standards requirements, transport costs, especially in large markets. This would give an impetus to the development of concepts such as a single submission to a single window and coordinated controls. In this context a review of data requirements could be appropriate.
3. Participants focused on the work of the WTO on trade facilitation. Many favoured a multi-lateral approach towards binding rules and a strengthening of the work already carried out by countries and international organizations. However, certain scepticism still prevails about a WTO approach unless due account is taken of the concerns expressed by developing countries.
4. Participants emphasized the need for additional co-ordination of the work of organizations engaged in trade facilitation and the need to avoid duplication.
5. There is a need for better-focused capacity building and strengthened coordination efforts of the various capacity building programmes, including enhancing integrity. This requires the allocation of adequate resources. Benchmarking, transparency, and sharing of information and experiences could assist.
6. Trade facilitation and security requirements are compatible. Customs administrations were identified as the lead entities to make trade facilitation and security requirements mutually supportive.

Session 2: Trade facilitation policy and new security initiatives

1. For security measures there should be a move towards an internationally agreed supply chain security concept (with “end to end” or “origin to destination” controls) to secure and facilitate international trade on a global scale with a pivotal role for Customs administrations.

An internationally agreed supply chain security concept should replace unilateral measures to achieve worldwide secure and facilitated trade to come to a win-win situation for all stakeholders involved. A coordinated move forward should be based on advance information and earlier controls based on risk analysis.

The WCO work in this area should be the basis for further efforts to realize maximum security and facilitation. Due account should be taken of suggestions for security applications, a holistic approach and recognition of UNECE standards and recommendations.

Customs remains the primary control and enforcement agency at the border as far as the international movement of goods is concerned. Close co-operation and interactivity with other enforcement agencies, private business and other Customs administrations is of essence should strengthen this pivotal role.

Further work should focus on:

- Data required, including unique consignment reference;
 - Methods of certification of authorized operators/traders;
 - Common approach to risk management/analysis;
 - Co-operative agreements with private business;
 - Mutual Administrative Assistance based on a clear legal basis, preferably on the new WCO multilateral agreement;
 - Single window concept;
 - Electronic, paperless Customs based on international standards;
 - Co-operation with other law enforcement agencies;
 - Co-operative agreements with trade partners;
 - Further efforts by traders and administrations to enhance integrity and fight corruption.
2. UN Security Council Resolution 1373 of 2001 is the basis for global action against terrorism to be complemented by regional and national efforts, that are required to get the political support needed on those levels to avoid becoming the weakest link in supply chain security.

WCO programmes for establishing Memoranda of Understanding between Customs and Trade have led to mutual confidence building. This co-operation needs to be taken several steps further to get into cooperative agreements between Customs and its business partners to jointly improve supply chain security in open discussion and fully recognizing and respecting each other's interests.

Further work should include:

- Build on Security Council Resolution and work in Counter Terrorism Committee;
- Further developments in UNECE Forums;
- Regional and national efforts to engage fully in supply chain security;
- Identify, assess and publicize benefits of supply chain security;
- Co-operative agreements;
- Reliance on information, intelligence and expertise available in business circles;
- Least possible interference with normal, logistical processes.

3. On the issue of capacity building, there is a need for additional capacity building for all administrations (with particular attention for developing countries) to enable worldwide implementation of supply chain security. The modernization and reform of Customs administrations should be based on proper diagnostic tools and not on “one size fits all” solutions. The Revised Kyoto Convention should be the point of reference.

Session 3: The role of the business community: mechanisms of cooperation

1. Trade Facilitation is alive and well – this is the good news. However, the business community is increasingly concerned about the lack of progress and coordination in the international organizations dealing with trade facilitation. Much preliminary groundwork has been done by business around the world on standards, certification, and risk management. Business will continue irrespective of any WTO agreements but strongly urges WTO members to address the Doha agenda with more flexibility and energy in the run-up to Cancun. The Fifth WTO Ministerial Meeting may well be the last chance to start formal negotiations on trade facilitation in the Doha Round. The Forum noted all very valuable efforts made in the field of trade facilitation. There was a widespread view that without a rules-based system with global applicability many the full potential of these initiatives will never be realized. We urge the Fifth WTO Ministerial Meeting in Cancun to enter into substantive negotiations on trade facilitation.
2. Business is strongly committed to trade facilitation, and should be encouraged to stimulate the implementation of governmental trade facilitation instruments and enhanced integrity within the business community. The ICC, the world’s business voice, has launched a website www.BATF-Action.net to promote active support of trade facilitation in the run-up to Cancun. All participants at this UNECE event are encouraged to interact with this site. ICC members are active in the UNECE and WCO work on standards, security and trade facilitation and international supply chain improvements.
3. Widespread recognition that standards require genuine public/private partnerships involving business, Governments and regulators. The postal services have a vital role to play as an enabler and trusted third party between business and regulators. Postal services offer opportunities to bridge the digital divide. Ongoing efforts of public/private partnership in South East Europe demonstrate how trade facilitation can be applied in transition economies. Such examples should stimulate interest elsewhere. Business is heavily involved in the UN/CEFACT processes and monitoring UNCTAD recommendations.
4. The Forum welcomes the continuous effort of UNECE to develop tools for electronic trade documents, which comply with existing paper document procedures, in order to support national administrations and the trading community around the world. Working with Governments and other institutions, the UNECE should ensure that these tools are made accessible to SMEs, transition economies and developing countries.

Session 4: Open regionalism

1. The pursuit of open regionalism finds its expression in the cooperation amongst the five UN regional commissions in developing and implementing global standards based on local input and experience. Trade facilitation at national and regional level through international standards and simplified, modern administrative and customs procedures is vital for reaping the economic benefits of trade liberalization achieved so far and for integrating developing countries into the world market and the multilateral trading system.

2. The participants in the Forum suggested a collaborative approach among relevant organizations for standards development, especially in the area of required standards for facilitating trade security.
3. The UN regional commissions place great importance on capacity building, public/private partnerships and the exchange and sharing of information and experience in their formulation and implementation of trade facilitation tools and projects at the regional, sub-regional and national levels. The Forum strongly supported the establishment of national trade facilitation bodies.
4. The participants in the Forum supported the objectives of the joint project of the five regional commissions agreed on at the first Trade Facilitation Forum. Most developing and transition countries need extensive technical assistance to a) enhance negotiating capacity; b) reduce transaction costs in both domestic and international trade; c) strengthen competitiveness; d) engage in trade promotion and diversification; e) increase participation of SMEs in global supply networks; f) design and implement trade facilitation policies at national and regional levels; and g) increase the use of knowledge management and ICT in supply chain management.
5. Support for the launching of negotiations on a multilateral framework on trade facilitation at Cancun during the 5th WTO Ministerial Conference was not unanimous. While some countries felt overburdened by existing WTO obligations and hesitant to engage in new commitments in view of their development problems, others stressed the need for WTO rules on core standards and the elaboration of disciplines in the area of trade facilitation, albeit with graduated facilitation levels adapted to the implementation capacity of developing and least-developed countries, and the necessary capacity building and technical assistance to help their integration into the global trading system.
6. In sum, the UN regional commissions are instrumental in promoting trade facilitation. They provide essential guidance and support for developing and transitional economies to strengthen their transport networks, modernize ICTs and harmonize and simplify border measures through the sharing and coordination of expertise gained locally and regionally, thereby allowing global standards to reflect diversity. In this context, an express wish was stated for more collaboration between the commissions and UN/CEFACT.

Workshop on Intellectual Property Rights (IPRs) and Trade Facilitation

Participants in this workshop identified a certain number of issues, which deserve to be addressed with IPR specialists, such as

- Advantages and burdens of IPR systems for developing countries;
- Improve the understanding of IPR experts of the functioning of the global market and the knowledge of the international community of the IPR system in a global world;
- A coordinated approach of capacity building and technical assistance on IPR issues.

Workshop on leading edge technical issues in trade facilitation

The participants in the workshop stressed that it is necessary to:

- Provide advanced technologies to automatically track and assess shipping contents relative to manifest, and verify the integrity of the cargo;
- Develop and adopt a distributed, secure worldwide data exchange utility where public/private stakeholders are able to obtain highly secure information for any shipment;

- Deploy a standardized, dynamic open information systems architecture for integrating people, process and technology data into cargo management systems with supply chain security in mind;
- Make security a core part of your business process, so that it enhances operational efficiencies daily and provides efficient risk management when required.

CHAIRMAN'S CONCLUDING REMARKS

As Chairman of this second Forum on Trade Facilitation, I recognize three main areas where short-term progress should be possible on the road to full implementation of trade facilitation measures:

First, on the governmental level, all efforts should be made to ratify the WCO revised Kyoto Convention and this with a sense of urgency.

Second, on the agenda setting for the 5th WTO ministerial meeting in Cancun (September 10-14, 2003), trade facilitation should have a high priority and all efforts should be made to arrive at an explicit consensus that the WTO is enabled to play a constructive role in the substance, in capacity building and in technical assistance related to trade facilitation. Given the broader scope of trade facilitation than the one defined in the Doha Development Agenda, it is of paramount importance that the WTO and its members ensure coherence and avoid duplication of work in the area of trade facilitation.

Third, I note an extraordinary networking among trade facilitation specialists. Our two Forums have provided an opportunity to interlink policy and expert levels from governments, intergovernmental and private sectors. This avenue should be further pursued. I suggest that reflections start after Cancun about the best way to pursue these efforts towards a better coherence among the numerous actors in trade facilitation.

I thank the thirteen organizations, which have contributed to this Forum. In order to ensure an adequate information exchange, I recommend to all of them to inform the UNECE Secretariat about any follow-up action they decide on the basis of the work achieved in these two days in Geneva.

I thank the UNECE Secretariat for the preparation and the services during the Forum. For any future event of that kind, as defined by the 13 co-organizers, it would be worthwhile to increase interactiveness between the panels and the participants. Almost all of them would be in a position to contribute with personal experiences giving additional practical relevance to our reflections.

I thank the interpreters for their essential assistance. I thank the chairpersons, the speakers and the rapporteurs, as well as all participants, for their highly appreciated contributions that brought us to this successful outcome.
