National Workshop on Transport Facilitation

Tbilisi, 15-16 May 2006

Trade Facilitation and Public-Private Mechanisms for Trade and Transport Facilitation

Mario Apostolov, Regional Adviser, UNECE
mario.apostolov@unece.org
Definition of Trade Facilitation

• TF - «simplification, standardization and harmonization of procedures and all necessary information required for the movement of goods from the seller to the buyer and for payment» (UN/CEFACT)

Problem: more than 40 documents with repeated data required  =>

Solution: simpler procedures and documents; less (but better) requirements for data and documents; harmonization with international standards; automation (computerization) of information and document exchange  -> transparency of procedures
Cost of logistics (incl. red tape) as % GDP in 1997

- USA – 10.5 %
- Mexico - 15.3%
- Belgium – 11.4%
- France – 12.0%
- Germany 13.1%
- Greece – 12.6%
- China – 16.5%
TF and WTO “July Package” 2004

1. Developed vs developing countries on TF in WTO?

2. General Council of WTO, in order to break the deadlock in the negotiations on the “Doha Development Round” agreed on the 2004 “July Package” of issues (agriculture, market access, services and TF).

3. TF in WTO: 3 GATT articles: V (transit); VIII (fees and procedures); X (publication of laws, rules and procedures)
3 GATT articles: the basis of future WTO negotiations

1. Art.V – transit – States should allow free transit, fees should not be seen as a source of revenue for States or individuals – they should only cover existing costs. UNECE – TIR Convention, Convention on the Harmonization of Border Crossing Procedures (integrated border management, IVWC).


UNECE - standards: UNLK, codes, EDIFACT, etc.

Implementation of TF measures:
World Bank, ADB, EBRD, APEC – implementation projects like TTFSE in Southeastern Europe
UNCTAD: Pakistan, Nepal, technical cooperation.
UNIDO - laboratories
APEC – broad spectrum of potential projects

Regional initiatives with a TF component:
EU, SECI, TRACECA, etc.
Compilation of proposals (TN/TF/W43/Rev.4)

Issues proposed for negotiations:

- Publications of laws and border-crossing procedures, penalties, online publication + period for implementation, consultation on new rules (GATT art.X)
- Advance ruling (needs advance submission of info)
- Formalities (incl. limitation of documentary and data requirements, use of international standards, e.g. UNLK, EDIFACT, Single Windows, eDocs) (GATT art.VIII)
- Border agency coordination (harmonizing of border crossing procedures)
- Single Window (submission of all required info only once)
- Goods transit (GATT art.V), etc.

>> technical assistance and S&D for transition economies (???)
UNECE and TF

- Over 40 years of experience in setting standards for TF in UNECE
- Further interest: World Bank, UNCTAD, UNIDO, OECD, ADB, (Columbus, Ohio, 1996)
- UNECE - instrumental in setting up the regional PPP network for TF in Southeastern Europe: SECIPRO, after the Dayton Accords, 1995
- Capacity building workshops and projects
- WTO rules will facilitate facilitators
What should be done?

1. Political Will
2. Technical assistance
3. Financing projects
4. Public-private partnerships (UNECE Rec.4 National Trade Facilitation Bodies)
5. How to match interests: various government agencies; public and private; various private companies
How to bridge gaps in interests?

State agencies

Ministries of trade, transport, etc.

Big companies and associations in various sectors

Business

Stress on the function

Customs, Police, etc.

Exporters, importers, freight forwarders, software companies, banks, SMEs, etc.
How to bridge gaps in interests?

State agencies

Ministries of trade, transport, etc.

Big companies and associations in various sectors

Business

Stress on the function

Customs, Police, etc.

Exporters, importers, freight forwarders, software companies banks, SMEs etc.
Emphasis on the FUNCTION in PPP for TF

Functions of the national body for TF:

• Lobby with the Government on the need for trade facilitation,
• Forum for public-private dialogue and cooperation, as well as definition of priorities in TF
• Body creating tools and recommendations in the area of TF, on the basis of international (UN) standards
• Partner of UN (including UN/CEFACT), the World Bank, and other organizations
• Organize training and capacity-building courses on TF for the public and private sectors
Promoter of international standards

Key function: **promote the implementation of international TF standards**

- UN Layout Key for Trade Documents (UNLK); code lists (UNTDED, LOCODE); EDIFACT, other e-business standards
- Regional trade integration (TRACECA, South Caucasus, Black Sea, etc.)
- Integration in the world market and strengthening the potential as a transit country
- Security of trade flows (electronic information interchange, risk analysis and management)
International function of TF bodies

1. Regional approach to TF – key factor
   - Inter-governmental (e.g. ASEAN, EU, TRACECA)
   - Among TF bodies in a region (EUROPRO, SECIPRO)

2. PRO Committee (national body on TF) represents the country in international and regional structures and projects in TF, such as UN/CEFACT, EUROPRO or the World Bank and their projects. In the way the National Working Groups on the Harmonization of Border Crossing Procedures in TRACECA
Types of trade facilitation bodies (PRO committees)

- Two models: State financed and own budget (typically in combination)
- Examples: SITPRO (UK), SWEPRO (Sweden), FITPRO (Czech Rep.), JASTPRO (Japan), BULPRO etc.
- SITPRO – financed 100% from the DTI budget (the State to produce public goods
- FITPRO – technical cooperation project between the Czech Republic and UNECE
- PRO committees in the Balkans and the Czech Republic: part of the Chamber of Commerce
- JASTPRO, AUSTRIAPRO – promote the use of EDIFACT
Financing TF bodies

- Not a profitable activity.
- Products of TF can be compared to “international public goods”.

Difficult to define:
- who produces what? (all wait for the other to produce goods that all will utilise)
- What should be created? (Big firms and SMEs, rich and poor countries have different goals)
- who owns the products?
Financing

1. Above all: the public sector
2. The private sector should also help (e.g. big companies). How to build a mechanism producing public goods?
3. Projects with strategic partners: EU, the World Bank (& other development organizations).
4. Own projects and services (e.g. Single Window, electronic documents and exchange of information, consulting). Important to avoid the risk of dependency.
Possible scenarios

1. Use existing of previously existing groups (working groups under TRACECA, TTP, etc.) incl. Ministries, Customs, foreign trade business, freight forwarders, banks, business associations.

2. Begin on the basis of one project (e.g. harmonization of border crossing procedures and “Single Window”). Include Chambers of Commerce, business companies, UNDP, development banks, UNECE, ESCAP, other organizations, unilateral donors) => increase skills => spread out experience in the country and in the region.
Regional Trade Facilitation

- National reforms can have significant benefits, but regional reforms can have bigger impact (e.g. EU)
- WTO can set commitments that would facilitate regional integration:
  - transit regimes
  - cross-border cooperation
  - transparency
  - standards
  - mobilizing international support, technical assistance and investment
- Regional integration and WTO rules - no panacea – broader reforms are needed.
- TRACECA, GUAM – just a beginning – go further
Integrated trade information flows across borders
Case study: TRACECA
Transport corridor
Europe – Caucasus – Central Asia
Integrated trade information flow management

Project: Top-down approach to unification of documents and harmonization of documentary procedures (e.g. in TRACECA)

A. A.1. Develop a set of 15 trade and transport documents to be used in all TRACECA countries (same layout, different languages) based on UNECE (& EU) standards (UN Layout Key). See www.unedocs.org for sample documents

A.2. Endorse the set at a Ministerial Conference (Annual TRACECA Conference)

A.3. Implement the set

B. Automate a document (electronic submission across borders)

C. Automate all documents for parallel use of electronic and paper documents (see www.unece.org)
Integrated Management of International Trade Information Flows

Harmonized (electronic) trade documents, e.g. UNeDocs + Single Window

Advance filing of trade information
Advance exchange of information across borders

Results:
• more efficient trade: less bureaucracy (the goal of trade facilitation) -> lower cost
• more security through better supply chain management inside and among countries -> better risk analysis
• integration with Europe [e.g. EU’s Single Administrative Document (SAD) based on the UN Layout Key in use in SEE, TRACECA]
Most general Single Window Model

3-a: 'Single Authority'

Trader
(incl. Transport)

Single Authority

Authority 1

Authority 2

Authority 3

Authority 4

Electronic

Paper
Single Window

- **Definition:** a system that allows all participants in trade and transport file requested information in only one place, in a standard format, in order to carry out import, export and transit operations.

**Benefits:**
- **For the authorities**
  - More efficient distribution of resources
  - Better gathering of fees and duties
  - More compliance from business
  - Better security (on the basis of better risk analysis)
  - Less corruption, more transparency
- **For private business**
  - Cut costs by cutting the time to prepare documents
  - Faster good clearance
  - Predictable and more efficient explanation and implementation of rules
  - More transparency
Data harmonization

Business Process Analysis

UN/TDED
WCO Data Model
UN/CEFACT reference Data Model

User assessment

Data Element Questionnaire

Data harmonization

Standard Data Set

Structuring the data

Data Model
Need to build electronic platforms

Community networks in ASEAN: Singapore - TradeNet, Malaysia – DagangNet; Korea – KTNET, Hong Kong – DTTN, Tunisia TradeNet, etc.

Single Windows in ports: Hamburg, DE (Dakosy), Felixtowe, UK; airports: Schiphole, NL

Single Windows based on Customs: Sweden, Senegal.
Community network for e-business and a Single Window: DTTN, Hong Kong, China

DTTN Core Messaging Infrastructure

- Communications Gateway
- Security Services
- Web Services
- Document Exchange & Transformation
- Customer Management
- Support & Operations Management

Value Adding Service Providers

Regional/Global Service Providers

Government & Agencies
Inspection Agencies
Insurance Institutions
Terminals

Banks & Financial Institutions
Three Layer DTTN Model, Hong Kong

Value-added services such as financial products, multi-modal integration, distribution management

Layer 3

Open, neutral, secure, reliable and shared electronic infrastructure messaging

Layer 2

Local and international standards for security, trade documents, codes, protocols

Layer 1
Possible common Single Window Model in SEE

A Standardized Data Set based on WCO Data Model, UNTDED and UNeDOCs

SW = Single Window Provider
Four examples of aligned and automated documents

1. Negotiable multimodal transport document
2. Invoice
3. CMR consignment note (second phase)
4. Single Administrative Document (Customs declaration)
## UNeDocs

**IMMTADOC**

**NEGOTIABLE - MULTIMODAL TRANSPORT DOCUMENT**

<table>
<thead>
<tr>
<th>Consignor</th>
<th>MTD no.</th>
<th>Shipment reference</th>
</tr>
</thead>
</table>

Issued by the International Multimodal Transport Association

Certified Member

subject to the UNMTADOC rules for Multimodal Transport documents.

<table>
<thead>
<tr>
<th>Consignee</th>
<th>Multimodal Transport Operator (Name or place of business)</th>
</tr>
</thead>
</table>

Notify party and address

<table>
<thead>
<tr>
<th>Consignor's declaration of interest in timely delivery of the goods (Clause 10.3)</th>
</tr>
</thead>
</table>

Taken in charge in apparently good condition and, as far as ascertainable by responsible means of transport as specified below, unless otherwise stated. The MTD, in accordance with the provisions contained in this MTD, undertakes to perform or to procure the performance of the multimodal transport from the place at which the goods are taken in charge, to the place designated for delivery and accepts responsibility for such transport. One of the MTDs must be surrendered, duly endorsed in exchange for the goods.

<table>
<thead>
<tr>
<th>From (place of acceptance)</th>
<th>Date of acceptance</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Via (place of transshipment)</th>
<th>By (modus/means of transport)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>To (place of delivery)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Marks and numbers/container number</th>
<th>Number and kind of packages; Description of goods</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Gross weight</th>
<th>Measurement</th>
</tr>
</thead>
</table>

Particulars later furnished by the Consignor.
**INVOICE**

**Customer**

Name: SAFAK NAKLIYAT GEMI ACENTALIGI CRMAN URUNLERI
INSAAT TEKSTIL SAN. VE TIC. LTD. STI.
Address: Camii Serife Meh.5215 Sok. Azizoglu Isk. Kat2NO:4/Mersin
City: Mersin  
State:  
ZIP:  
Phone: 0-324-237-15-23  
Faks: 0-324-238-11-07

**Misc**

Invoice No: 001  
Date: 20.02.2004  
Contract No: TRN-01  
Date of cont: 30.01.2004

<table>
<thead>
<tr>
<th>No.</th>
<th>Number of trucks</th>
<th>Description</th>
<th>Unit Price</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cargo trucking on the route Tashkent / Uzbekistan - Istanbul / Turkey</td>
<td>$ 2 000.00</td>
<td>$ 2 000.00</td>
<td></td>
</tr>
</tbody>
</table>

**Payment**

Other Bank transfer

Beneficiary: 20214840004289996001 UZTURK TRANS LTD

Bank: Business Bank, Tashkent, SWIFT: BUSNU22

Cor. bank: Union Bank Of California International  
SWIFT: BOFCUS33NYK

Details: PAYMENT ACCORDING TO CONTRACT NR: TRN-01 DD 30/01/2004

SubTotal $ 2 000.00

Comissions* $ 4.50

TOTAL $ 2 004.50

* Charges of Union Bank of California International, USA (correspondent bank)
<table>
<thead>
<tr>
<th>UNeDocs</th>
<th>COMMERCIAL INVOICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller</td>
<td>Invoice number</td>
</tr>
<tr>
<td></td>
<td>Invoice date (yyyy-mm-dd)</td>
</tr>
<tr>
<td></td>
<td>Buyer's reference</td>
</tr>
<tr>
<td>Consignee</td>
<td>Buyer (name, address, tax reference)</td>
</tr>
<tr>
<td>Freight forward</td>
<td>Unique consignment reference</td>
</tr>
<tr>
<td>Country of origin</td>
<td>ISO code</td>
</tr>
<tr>
<td>Terms of delivery</td>
<td>Relevant location</td>
</tr>
<tr>
<td>Transport mode and means</td>
<td>Port / Air / Road</td>
</tr>
<tr>
<td>No. and kind of packages, shipping description of goods</td>
<td>Commodity code</td>
</tr>
<tr>
<td>Column 1</td>
<td>Column 2</td>
</tr>
<tr>
<td>---------</td>
<td>----------</td>
</tr>
<tr>
<td>Data 1</td>
<td>Data 2</td>
</tr>
<tr>
<td>Data 4</td>
<td>Data 5</td>
</tr>
<tr>
<td>Data 7</td>
<td>Data 8</td>
</tr>
<tr>
<td>Data 10</td>
<td>Data 11</td>
</tr>
<tr>
<td>Data 13</td>
<td>Data 14</td>
</tr>
<tr>
<td>Data 16</td>
<td>Data 17</td>
</tr>
<tr>
<td>Data 19</td>
<td>Data 20</td>
</tr>
<tr>
<td>Data 22</td>
<td>Data 23</td>
</tr>
<tr>
<td>Data 25</td>
<td>Data 26</td>
</tr>
<tr>
<td>Data 28</td>
<td>Data 29</td>
</tr>
<tr>
<td>Data 31</td>
<td>Data 32</td>
</tr>
<tr>
<td>Data 34</td>
<td>Data 35</td>
</tr>
<tr>
<td>Data 37</td>
<td>Data 38</td>
</tr>
<tr>
<td>Data 40</td>
<td>Data 41</td>
</tr>
<tr>
<td>Data 43</td>
<td>Data 44</td>
</tr>
<tr>
<td>Data 46</td>
<td>Data 47</td>
</tr>
<tr>
<td>Data 49</td>
<td>Data 50</td>
</tr>
<tr>
<td>Data 52</td>
<td>Data 53</td>
</tr>
<tr>
<td>Data 55</td>
<td>Data 56</td>
</tr>
<tr>
<td>Data 58</td>
<td>Data 59</td>
</tr>
<tr>
<td>Data 61</td>
<td>Data 62</td>
</tr>
<tr>
<td>Data 64</td>
<td>Data 65</td>
</tr>
<tr>
<td>Data 67</td>
<td>Data 68</td>
</tr>
<tr>
<td>Data 70</td>
<td>Data 71</td>
</tr>
<tr>
<td>Data 73</td>
<td>Data 74</td>
</tr>
<tr>
<td>Data 76</td>
<td>Data 77</td>
</tr>
<tr>
<td>Data 79</td>
<td>Data 80</td>
</tr>
<tr>
<td>Data 82</td>
<td>Data 83</td>
</tr>
<tr>
<td>Data 85</td>
<td>Data 86</td>
</tr>
<tr>
<td>Data 88</td>
<td>Data 89</td>
</tr>
<tr>
<td>Data 91</td>
<td>Data 92</td>
</tr>
<tr>
<td>Data 94</td>
<td>Data 95</td>
</tr>
<tr>
<td>Data 97</td>
<td>Data 98</td>
</tr>
<tr>
<td>Data 100</td>
<td>Data 101</td>
</tr>
</tbody>
</table>

**Notes:**
- Column 1: Description of goods
- Column 2: Quantity
- Column 3: Unit of measurement

**Additional Information:**
- **Date:** [Insert date]
- **Signatures:** [Insert signatures]
Possible first step: a Document server:
e.g. Formular Server: www.zoll.de
Thanks!

www.unece.org
mario.apostolov@unece.org