

28th UN/CEFACT Forum

Bangkok, Thailand
26-30 September 2016

CORE PRINCIPLES OF THE OPERATION OF SINGLE WINDOWS

Project Leader: Richard Morton
Lead Editor: Jalal Benhayoun
Editor: Andrea Fehr Hampton



Why core principles for the operation of SW?

- There are a number of international initiatives underway to maintain economic stability by strengthening national economy infrastructure;
- Safe and efficient single window systems are critical to the effective functioning and the competitiveness of the economy. In the event of a SW failure, adherence to the rules (core principles) for the operation of SW should prevent a domino effect on the other stakeholders and the economy;
- The core principles are intended for use as universal guidelines after been introduced in a new recommendation to encourage the design and operation of safer and more efficient systemically important single windows systems worldwide. In emerging market economies and with the international context of trade facilitation they are likely to be of particular relevance, because of the efforts in train in these countries to improve systems or to build new ones in order to handle better the growing international trade flows from national and international markets;
- The core principles may also be of use to advisers providing international technical assistance on how to achieve safety and efficiency in SW systems in the specific circumstances of individual countries.

Core Principles for the Operation of SW Project

Purpose

The project will endeavour to provide a basis for designing strategies, identifying strengths and weakness and enhancing policies related to strengthening the resilience of Single Window and associated systems.

Deliverables and Exit Criteria

Recommendation on SIWS
 Guidelines on SIWS
 Repository of case studies

Scope

- Legal environment
- Stakeholders environment
- Determinant of risk
- Approach of risk management

Initial Contributions

UNECE Recommendations 33, 34 and 35 as well as the ongoing work on Single Window Interoperability (Proposed Recommendation 36 project).

Project link

<https://www2.unece.org/cefact/display/uncefactpublic/Core+Principles+for+the+Operation+of+SW>

Project leadership

Project Leader: Richard Morton
 (richard.morton@ipcsa.international)
 Lead Editor: Jalal Benhayoun (jbenhayoun@portnet.ma)
 Editor: Andrea Fehr Hampton
 (andreafehr@gmail.com)

Delegations Support

Morocco
 Senegal
 Ukraine

Systemically important SW systems

Systemically important SW systems:

Are SW which have the characteristic that a failure of one of these systems or a disruption in the system itself, could potentially result in the inability of other system stakeholders or of institutions in other parts of the economy to meet their obligations as they become due (Systemic Risk). Such a failure could threaten the stability of the system or of the economy. This effect is often justified by the nature of the transactions they process or by the value and the importance of these transactions for the economy;



A single window can be qualified as a systemically importance if :

- It is the unique single window system for the foreign trade operations;
- It's the single system who manages one or more operations positioned on the critical path of one or more important process of foreign trade in a country;
- It can paralyze a service provided by a vital system for the country when impacted;
- The country will be unable to supply necessary goods important for economic and social peace when out of service;
- The national economy will be facing crisis because it manages important transactions characterized by large amounts or strategic operations.

Core principles for the SISWS: Some examples



A SISWS should have a well-founded legal basis under all relevant jurisdictions

- The rules and procedures of a system should be **enforceable** and their **consequences predictable**. A system which is not legally robust or in which the legal issues are poorly understood could endanger its participants. Poor understanding can give participants a false sense of security, leading them, for example, to underestimate their exposure due to the strong interdependence;
- The jurisdiction under whose law the system's rules and procedures are to be interpreted should be specified clearly. In most cases, the most important legal environment will be the domestic one, although, in particular where the system involves cross-border elements such as foreign exchange of documents, it will also be necessary to consider whether there are any material legal risks stemming from other relevant jurisdictions.

A SISWS must have a clear and efficient repository of rules

- The repository of procedures will also assign responsibilities for managing and controlling risks. They are therefore a key tool to handle different types of risk;
- This repository must be established with the implication of all stakeholders and they must also participate in its evolution and its keeping up to date.



The SISWS and partner systems should have an important scalable capacity and performance

- An SISWS is often exposed to regulatory risk: it must be able **to adapt quickly to changes** in the national and international regulations;
- If he can't adapt quickly to regulatory changes it could severely impact the country's foreign trade (for example : SOLAS);
- The design of a system must handle the **scalable environment of foreign trade**;
- All stakeholders should be at the same level of **agility**, otherwise the SISWS will be penalized by the late stakeholders;
- Systems should be designed and operated so that they can achieve a **good performance** and adapt to the development of the market for trade services both domestically and internationally. Their technical, business and governance arrangements should be sufficiently flexible to respond to changing demands, for example, in adopting new technologies and procedures.



Activity Continuity Plan is a key point in the management of a SISWS

- **Operational risk** is among the most likely to be realized risks, among the methods recommended to minimize the damage caused by the realization of this risk is the implementation of a business continuity plan;
- Feedback on past situations of the major crises show that organizations have **undertaken a preliminary measures** to ensure the continuity of their business are the most resilient to disruptive events;
- The different actors interacting with the single window should strongly contribute to the development of this plan and the various tests whose main objective is to ensure that different stakeholders are ready to manage a possible crisis situation.



The SISWS's governance arrangements should be effective, accountable and transparent

- SWS governance arrangements encompass the set of relationships between the SWS management and its governing body (such as a board of directors), its owners and its other stakeholders. These arrangements provide the structure through which the system's overall objectives are set, how they are attained and how performance is monitored;
- Because SISWS have the potential to affect the wider economic community, there is a particular need for **effective, accountable and transparent governance**, whether the system is owned and operated by the government or by the private sector. This is why **the authorities should set up a general framework of governance of the SISWS**;
- SWS should take into consideration end-user proposals and requests that will enhance the effectiveness and the quality of the service by establishing a "**participative governance**" involving customers and end-users in the decision making process.
- They also should designate an entity in charge of **the oversight and supervision of the SISWS**, its relations with partners and the way it is operated;
- Effective and transparent governance allows to align the objectives of the SISWS with the expectations of all stakeholders in the foreign trade community. It also ensures that the management of the SISWS has the right tools and skills to achieve those objectives.



The SISWS should have objective and publicly disclosed criteria for participation, which permit fair and open access

- The system should not be oriented to serve the interests of restricted communities;
- **Access criteria that encourage competition amongst stakeholders promote efficient and low-cost trade operations.** This advantage, however, may need to be weighed against the need to protect systems and their participants from participation in the system by institutions that would expose them to excessive risks. Any restrictions on access should be objective and based on appropriate risk criteria. All access criteria should be stated explicitly and disclosed to interested parties.



Traceability, efficiency and achievement of the foreign trade operations

- All foreign trade operations must be **traced in time and responsibility**;
- The **speed of the transaction** constitutes an essential criterion of the operation managed by the SISWS;
- The status of each operation must be clear and understandable by all stakeholders;
- The system should provide **prompt final and irreversible status of achievement of operations**;
- The system should provide a means of making operations which is practical for its users and efficient for the economy;
- Transaction costs must be mastered because it is directly impacts the price structure of all goods and also the competitiveness of operators.

Thank you for your attention

Project Leader: Richard Morton (richard.morton@ipcsa.international)

Lead Editor: Jalal Benhayoun (jbenhayoun@portnet.ma)

Editor: Andrea Fehr Hampton (andreafehr@gmail.com)

Project leadership