



**Global Trade Facilitation Conference 2011 Connecting International Trade:  
Single Windows and supply chains in the next decade  
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**“Progress and challenges of Latin American and the Caribbean Foreign Trade Single Windows developments in the context of regional integration and international trade.”**

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Thanks to the organizers for the opportunity to address you all in this important global event. Allow me just a few words to explain what SELA is. The Latin American and Caribbean Economic System (SELA) is a regional intergovernmental organization that groups 28 of the 33 sovereign states of Latin America and the Caribbean. Its objectives are: to promote a system of consultation and coordination in order to organize positions and strategies among Latin American and Caribbean countries, and to foster regional cooperation and integration.

Since 2008, SELA's Permanent Secretariat has included in its annual Work Program the development of Foreign Trade Single Windows (FTSW) within the context of International Trade Facilitation and Cross-Border Paperless Trade. In this sense, it has organized four regional meetings on FTSW with the following purposes: 1. to contribute building up cross-regional dialogue between governments, businesses and trade associations on critical issues relevant to trade facilitation and Single Windows developments in the region; 2. to exchange information, best practices and lessons learned in the implementation process of electronic Single Windows, and based upon these two purposes, 3. to present to the State Members conclusions and recommendations regarding possible courses of action in matters related to trade facilitation and FTSW, from a systemic and a regional perspective.

From our perspective, the FTSW is conceived as an essential tool of trade facilitation, aimed at reducing international trade costs, to build confidence that allows a suitable climate for foreign direct investment and competitiveness,

which in turn would be in an advantageous and sustained insertion of the Latin American countries in the world economy and globalized international trade.

### The International and Regional Context of Trade

According to the UNCTAD's recent report on Trade and Development, the global crisis of 2008 - 2009 and what is expected in 2012, points out the fragility of the global economy, the lack of sustained growth and the need for economic recovery. The international trade situation in the current economic climate is not encouraging either.

Nevertheless, the economies of Latin America and part of the Caribbean have resisted the effects of the crisis, with expansive macroeconomic policies that buffered the effects of the trade and credit crunch, and prevented a catastrophic effect from external shocks. Furthermore, according to ECLAC<sup>1</sup>, trade exchange between the countries of Latin America and the Caribbean has increased 21% in the second semester of 2011, although in 2010, it reached an increase of 27% for the same period.

In the same manner, some Latin American countries have increased their trade numbers and have experienced a sustained economic growth due to new trade relationships with emerging economies such as China, which demands large amounts of raw materials and commodities from our countries. Similarly, in recent years the exchange of goods and services among Central American countries and among countries of the Caribbean Community (CARICOM) has increased, although the numbers are still low. To increase intraregional trade among Latin American countries is definitively a desirable goal for the region.

In this context of world trade crisis, on one hand, and the increase of intraregional trade among Latin America and the Caribbean countries, plus the presence of emergent and potential trade partners from the Asia-Pacific region, on the other hand, reaffirm the importance of modernizing the physical infrastructure to facilitate and promote cross-border trade, the improvement of international competitiveness, the relevance of enhancing the effectiveness and

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<sup>1</sup> Boletín Estadístico N°4. "Comercio exterior de bienes en América Latina y el Caribe". Tercer trimestre de 2011. División de Comercio Internacional e Integración de la Comisión Económica para América Latina y el Caribe.

efficiency of the LAC countries' export capacity, the need to deepen existing trade agreements and reduce transaction costs and time in international trade, all powerful reasons that make imperative to develop tools for trade facilitation from a systemic and integral perspective.

Therefore, the digitization of foreign trade procedures in accordance with international standards recommended by the UN / CEFAC and the World Customs Organization (WCO), the simplification and automation of customs procedures, the effective usage of digital certificates of origin and digital signature, risk management throughout the supply chain, and of vital importance, the development of harmonized and interoperable electronic single windows, along with the development of legal frameworks that guarantee security for online transactions, eliminating unnecessary barriers to trade and achieving administrative transparency, capacity-building, reforms of state institutions to make these processes viable, are all challenges that governmental decision makers in the region should take in order to reach in one hand, greater digital integration in the context regional integration, and on the other hand, to assure a better position for the region in international markets.

#### FTSWs in Latin America and the Caribbean. The general situation in 2011 – Some advances and challenges

It can be affirmed on the basis of empirical evidence shown by the studies prepared by SELA<sup>2</sup>, that in Latin America and the Caribbean: 13 out of 33 countries show different levels of implementation of VUCE: Brazil, Dominican Republic, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, and Trinidad & Tobago. Five (5) countries have projects related to the development of FTSW, in different stages of development: Argentina, Bolivia, Ecuador, Mexico and Uruguay. For the remaining 15 countries no relevant information was found, although there is some evidence that some progress is being made. Regarding interoperability, although most countries are making significant efforts in this area, still there is a long way to go. However, the IADB is making a significant contribution providing

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<sup>2</sup>“Digital Review of Foreign Trade Procedures in Latin America and the Caribbean. Proposed Actions at the regional level”. SELA, October 2009. SP/CL/XXXV.O/Di No. 25- 09. “Trade Single Windows in Latin America and the Caribbean. Advances and challenges”. February, 2011. SP/Di No. 4-11.

technical and economic cooperation to make interoperability a reality in at least 13 Latin American countries. SELA and CAF – Latin American Development Bank are also contributing to these efforts with the development of a pilot project on Interoperability and Harmonization of FTSWs (Colombia-Panama). Also, countries such as Chile, Mexico and Peru, which are part of APEC, are also making significant efforts in this regard. In relation with the compliance with the UN/CEFACT recommendations 33, 34, and 35 most countries are working on this. Nevertheless, standards and harmonization are still important ongoing challenges.

We can state that the benefits of having developed FTSW are acknowledged by the stakeholders and decision makers in most Latin American and Caribbean countries. Overall, we may affirm that in the region, there is a relevant and important political commitment aimed at encouraging the creation, development and consolidation of the FTSWs.

#### Regional and Sub-regional Initiatives

The space for greater regional integration has opened up. CAN, CARICOM, MERCOSUR and SICA have developed some initiatives regarding trade facilitation in the region. Presidents of the Member States of the newly created CALC (Declaration of Caracas, December 3, 2011) have emphasized the vital importance of increasing intraregional trade and further development and integration of the ALAC countries' supply chains. The truth is that the region still faces major challenges in terms of cross-border paperless trade, which includes the development of Foreign Trade Single Windows. To face these challenges requires concerted efforts at a national level within each country, as well as regional and international technical cooperation with a strategic sense and a regional vision.