

## **Sustainable PRO Committees and UNECE's Mission in Facilitating International Trade**

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### **National trade facilitation bodies or “PRO committees”**

UNECE has been working in support of national trade facilitation bodies for over 30 years. National Trade Facilitation Bodies (often called PRO committees, where PRO arguably stands for “procedures”), as well as their structure and tasks, are defined in UNECE’s trade facilitation Recommendation 4 ([www.unece.org/cefact/rec/rec04en.htm](http://www.unece.org/cefact/rec/rec04en.htm)). The main duty of PRO Committees is to advise administrations and companies on relevant trade facilitation measures, best business practices and non-tariff barriers to trade. PRO Committees promote the implementation of international standards for trade facilitation in their countries. The term “PRO” has been selected as a “neutral” term, which is not fixed to any sector of the economy involved in trade facilitation, notably, trade and transport.

The term trade facilitation generally stands for the harmonization, standardization and automation of trade procedures and documentation. This is expected to lead to the faster movement of goods and trade information across borders. PRO Committees lobby their Governments to implement trade facilitation measures to the benefit of the trading community and of society as a whole. In this sense, they explain to their national authorities the benefits and ways of streamlining their trade procedures.

### **Sustainability of PRO Committees**

Trade facilitation is not a profitable activity. Unlike other trade promotion activities, there is little, if any, link between investments made and the return on investment for the individual investor. Nevertheless, there is a great public utility in facilitating international trade and, consequently, in the activities of a national trade facilitation body (PRO Committee). The national and international business community as a whole profits from facilitated trade procedures. So does the public sector, which sees its revenues rise as a result of greater transparency, streamlined procedures, growing trade volumes and inward investment due to improved trading climate. In this sense, the products of trade facilitation products may be likened to public goods or, more precisely, international public goods. The national trade facilitation bodies lobby central authorities on behalf of business and society to simplify trade procedures and introduce modern techniques and technologies. Yet they should be supported by their Governments as they represent a mechanism of public private partnership for trade facilitation, which provides an essential public good.

There are various examples of structuring the activities of a PRO Committee. The Simpler Trade Procedures Board (SITPRO) in the United Kingdom has developed a broad set of activities, including the development of advanced tools primarily for SMEs, such as Web-Electra, which they offer for payment. SITPRO has its place in the realization of the international technical assistance programme and of the multilateral trade negotiations strategy of its country. Nevertheless, a major part of its budget comes from the government budget. The French trade facilitation body (AUDACE) is totally funded by private sources and advocates their case for trade facilitation with the relevant authorities. PRO Committees in the most developed countries have focused on the implementation of advanced tools facilitating trade. For example, PRO Committees in Sweden (SWEPRO), Finland (FINSIPRO), Austria (AUSTRIAPRO), Japan (JASTPRO), and other developed countries have concentrated on the promotion of the only global standard for Electronic Data Interchange (UN/EDIFACT). On earlier stages of development, however, the PRO Committees of the developed industrial countries, including the now non-existent PRO Committee of the United States of America, concentrated on more traditional issues of streamlining trade procedures. Hence the major requirement for PRO Committees to concentrate on concrete problems of current interest for their countries.

In Southeastern Europe, PRO Committees have traditionally had different structures. Before 1995 there existed four such committees in the transition economies of the region: BULPRO, which was linked to the Bulgarian Chamber of Commerce; ROMPRO - under the Romanian Ministry of Industry and Trade. Since then the network of trade facilitation bodies in Southeastern Europe has brought together at least nine committees (ALBAPRO, BiHPRO, BULPRO, CROATIAPRO, HELLASPRO, MAKPRO, ROMPRO, TURKPRO, SCGPRO, and lately KOSPRO), and they have concentrated on a strategic partnership with the national Chambers of Commerce. Financing remains a common concern for the PRO Committees of Southeast European countries. Close association with the work of national chambers of commerce and industry is a strategy that has generated projects and financial support, including from local and international private sector sources. BULPRO provides an excellent example of a PRO Committee that is well integrated in the Chamber of Commerce. The PRO Committees in Southeastern Europe have been a strategic partner of the World Bank in the regional programme of the Bank called Trade and Transport Facilitation in Southeastern Europe. On the basis of this model, the World Bank supported PRO committees in the Caucasus, aiming at the establishment of a similar programme for the Southern Caucasus (TTFSC).

Promotion of UN/EDIFACT has been the main instrument and activity of a number of PRO Committees in developed countries, such as Japan, Austria, or Sweden. EDIFACT has always been more appropriate for use by large companies and countries, as its use involves a maintenance cost that would render it profitable for use only in case of large volumes of trade. Nevertheless, PRO Committees should watch out and keep contact with UNECE and other bodies developing international standards in the area, as new tools, namely UNEDocs and electronic Single Windows, may provide a better platform for use by SMEs and smaller countries with smaller volumes of trade.

## **UNECE's mission in trade facilitation and in support of PRO Committees**

Representatives of UN Member States, international organizations and NGOs meet in the working groups of UNECE to develop standards and conventions in many fields, including trade and transport. One of the axes of this cooperation is the promotion of public-private partnerships, and this includes support for PRO Committees. The basis of this work is laid down in UNECE's trade facilitation Recommendation 4: National Trade Facilitation Bodies.

The accomplished work includes the establishment in the 1960s and accomplishments of Working Party 4 (WP.4) on the Facilitation of International Trade Procedures within UNECE. In 1996 WP.4 was transformed into the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). Thirty trade facilitation Recommendations were developed within WP.4 and UN/CEFACT on such issues as the UN Layout Key for Trade Documents, establishment of PRO Committees, codes and standards for international trade, UN/EDIFACT, legal aspects of e-commerce, etc. These recommendations can be found at [www.unece.org/cefact](http://www.unece.org/cefact).

UNECE's cooperation with PRO committees includes:

- (a) Providing information on best practices in trade facilitation (e.g. recommendations, Single Window concept, electronic documents) and practical collaboration with national PRO Committees on these issues;
- (b) Provide a platform for contacts with other Governments, international organizations, and private business, so that private sector managers, public sector administrators and policy makers can work together towards the effective implementation of jointly agreed facilitation measures.
- (c) Preparing and promoting a strategy on how PRO organizations can be sustainable locally, using the experience of BULPRO, FITPRO and other bodies. UNECE is planning a three-day capacity-building workshop, scheduled for 18-20 October 2004, which will focus on the following issues:
  - organizational and financial models for TF PRO Organizations;
  - trade document standardization and harmonization;
  - the development of digital equivalents to standardized trade documents using UNeDocs;
  - the establishment of a Single Window to enhance the efficient exchange of information between trade and government;
  - other current issues in trade facilitation (security and others).
- (d) Lobbying in the public and private sectors.
- (e) Provide advice on services and tools that can allow PRO committees to raise revenue.
- (f) Be a focal point for the international activities and contacts of PRO committees in the UN. PRO Committees represent their countries in UN/CEFACT, EUROPRO, SECIPRO, etc. with a view to develop these international contacts.

In addition, a major part of the obligations of UNECE's Regional Adviser for trade facilitation is to increase awareness of trade facilitation issues and act as a catalyst for

trade facilitation in countries in transition. He has the task of supporting the establishment of national trade facilitation bodies.

By definition, National Trade Facilitation Bodies (PRO Committees) provide a national focal point for the collection and dissemination of information on best practices in international trade facilitation. In this sense, their collaboration with UNECE's work on trade facilitation standards would be essential for the efficiency of their work. PRO Committees can also participate in international efforts to improve trade facilitation and efficiency through their contacts with the relevant bodies of UN/CEFACT.

With its projects in e-business, UNECE will be able to assist PRO Committees in making their contribution for the realization of the role and potential of Information and Communication Technologies for the development of their countries and for the construction of knowledge-based economies and Information Societies in the countries in transition.

Policy recommendations:

- Governments in Southeastern Europe should support politically, morally and financially the work of PRO Committees. PRO Committees, international organizations working on trade facilitation, the business community should raise this issue with the relative authorities. More than 50 % of the budget of the PRO Committees would come from public sources. In return, Government should monitor the compliance of PRO Committee activities with the objective of providing the public goods of trade facilitation.
- PRO Committees should pay particular attention to providing tools facilitating the participation of small and medium-sized enterprises in international trade. This is a key argument in soliciting government support for the activities of PRO Committees.
- The PRO Committees of Bulgaria, Croatia and Romania may wish to explore the experience of the UNECE-Czech technical cooperation project, and develop similar projects with UNECE.