

**UN/CEFACT**

**Report on UN/ECE Advisory Services  
in Trade Facilitation**

**September 1998 - March 1999**

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## **Report on UN/ECE Advisory Services in Trade Facilitation**

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### **Observations and Conclusions**

1. The past seven months have been the most rewarding period since the UN Economic Commission for Europe initiated its Regional Advisory Services in Trade Facilitation over four years ago. The results achieved are the cumulative result of the UN/ECE's collaboration with the many national and international bodies that work together within the framework of UN/CEFACT.
2. UN/CEFACT has a loyal and active constituency. Nevertheless, UN/CEFACT needs to take stock of its non-participants. Most UN Member States and key international industry associations do not participate. The explanation for some is found in the travel cost to Geneva or other locations where steering and working group meetings are held. Emphasizing personal attendance at meetings every few months creates an economic barrier to participation. Recent progress in improving the UN/CEFACT website ([www.unece.org/cefact/](http://www.unece.org/cefact/)), as well as setting up mail lists for the subgroups, are steps in the right direction legitimate and facilitate electronic participation in UN/CEFACT activities.
3. Regional programmes of cooperation, such as the Southeast European Cooperative Initiative (SECI), providing a "political push" to trade facilitation that national efforts alone find difficult to obtain. While other regional initiatives have projects dealing with trade facilitation, SECI is the only one that has taken steps to apply UN/CEFACT's recommendations to the international trade problems. Delegates to UN/CEFACT should take contact with the secretariats of other regional initiatives and encourage them to do likewise. There are limits to what the UN/ECE can achieve on its own—either because a regional initiative may be outside the geographic mandate of the Economic Commission for Europe, or due to the normal "constructive competition" among international bodies.
4. Of equal concern is that fact that some institutions representing international traders and transporters do not participate in UN/CEFACT because the Centre is viewed as too narrowly focused on electronic data interchange and UN/EDIFACT. The comment often repeated is that EDI is "two percent of the international trader's concerns, but ninety-eight percent of the UN/CEFACT agenda." Every organization has limited resources and must set priorities. UN/CEFACT needs to address the issue why do key actors in the field of international trade not consider its activities as a top priority.

5. The Federation of Industries of Northern Greece surveyed its membership about “Disincentives that Greek Companies face in their Business Activities in Southeast European Cooperative Initiative (SECI) countries, Yugoslavia, and Russia.” The most significant disincentive to development in all the countries under examination was found to be “political and economic instability.” On a scale of 1 (less restrictive) to 10 (highly restrictive) the survey analysis ranked the disincentives as follows:

<b>Disincentive</b>	<b>Average rating</b>
1. Political and economic instability	8,03
2. Crime - lack of transparency - corruption	7,14
3. Deficient infrastructure	6,93
4. Insufficient legal and administrative framework	6,89
5. Inadequate policy towards foreign investments	6,37
6. Negative business environment	5,19

An evaluation of the factors constituting each disincentive yielded the following results:

<b>Disincentive</b>	<b>Most significant factors</b>
1. Political and economic instability	1 <sup>st</sup> Difficult to plan for the future 2 <sup>nd</sup> Inadequate acquaintance with the “market economy”
2. Crime-lack of transparency-corruption	1 <sup>st</sup> Corruption in the public sector 2 <sup>nd</sup> Lack of transparency in public procedures so that certain businessmen are favoured
3. Deficient infrastructure	1 <sup>st</sup> Road network 2 <sup>nd</sup> Telecommunications
4. Insufficient legal and administrative framework	1 <sup>st</sup> Complicated customs and cross border procedures 2 <sup>nd</sup> Customs duties legislation
5. Inadequate policy towards foreign investments	1 <sup>st</sup> Bureaucracy 2 <sup>nd</sup> Difficulties in land ownership
6. Negative business environment	1 <sup>st</sup> Inexistent financial and banking systems 2 <sup>nd</sup> Black market

“Bureaucracy” was rated 8.33, making it the most important of all the factors. “Corruption in the public sector” was rated at 8.12, the second highest factor of all those constituting any disincentive. Trade facilitation addresses the “bureaucracy” that hinders international trade

and investment. Closely related to the “bureaucracy” of excessive and inefficient trade procedure and documentary requirements is the problem of corruption among the bureaucrats.

6. The Greek study, which is available on the SECI website ([www.unece.org/seci/bac/](http://www.unece.org/seci/bac/)), concluded that

*“Comparing these factors, we can see that despite the fact that they are factors in two different development disincentives, they are related in so far as both concern problems with the machinery of state.”*

These conclusions were confirmed by a separate Italian study presented at the SECI Business Advisory Council meeting held 11-12 March 1999 in Rome. Both reports suggest that much remains to be done, both in terms of developing “public-private partnership” approach and in simplification of procedures. Other national trade facilitation bodies may be interested to take contact with HellasPRO and/or ItalyPRO to discuss their survey methodology. Such studies are one way to attract interest in the potential benefits of trade facilitation tools and techniques.

7. Within the framework of SECIPRO, the Romanian Trade Facilitation committee, ROMPRO, is leading an analysis of how the European Union’s Single Administrative Document (SAD) is being used, with the objective of harmonizing the use of the optional data elements. BULPRO, the Bulgarian PRO Committee intends to complement this by a comparative analysis of the documents that must be presented by lorry drivers at border crossing points.

8. The support of EUROPRO (Mr. F. Vuilleumier), the EFTA Trade Facilitation bodies, in addition to specific contributions from national committees, including AUSTRIAPRO and SITPRO (UK) have been very much appreciated by those PRO Committees starting up their initial activities.

9. UN/ECE takes pride in its Memorandum of International Electrotechnical Commission, the International Organization for Standardization concerning standardization in the field of Electronic Business. UN/CEFACT may wish to encourage the UN/ECE, as well as the other four UN Regional Commissions to pursue a similar agreement with organizations dealing with different aspects of corruption, notably the World Customs Organization, the Organization for Economic Cooperation and Development, and the UN Centre for International Crime Prevention.

10. The March 1999 Plenary will consider a proposed revision to Recommendation No. 4 “National Trade Facilitation Organs.” The revision seeks to modernize the language of the recommendation, as the basic principles remain the same. A recommendation is one thing, its implementation is another. While it may not be possible to sustain a national facilitation body in every country, UN/CEFACT should reconsider its approach to national trade facilitation organizations and focal points, which. A more aggressive outreach should identify at least one UN/CEFACT focal point in each of the 185 UN Member States by the March 2000 Plenary.

## Missions

11. Support to the activities of SECI continued to be main activity of the Regional Advisor during this period. As reported in September 1998, in addition to SECI's border crossing facilitation project, the Regional Advisor has coordinated the UN/ECE's support to all SECI project while the post of Deputy Executive Secretary has been vacant. This position has now been filled by Mrs. Danuta Hübner of Poland.

12. At the same time, the SECI countries have established an association of national facilitation committees, SECIPRO. SECIPRO held its inaugural session in Sofia on 14 September 1998. The date conflicted with the UN/CEFACT session but was retained because of the commitment of Bulgarian Deputy Prime Minister Evgenii Bakardjiev to address the meeting. SECIPRO meets four times a year, in connection with the quarterly meetings of the Business Advisory Council to SECI, with the Regional Advisor serving as *ad interim* secretariat. The second meeting was held in Skopje on 3 December 1998 and the third in Rome on 11 March 1999. Thus, trade facilitation activities in the SECI region continues to be a major focus of the the UN/ECE's Regional Advisory Services.

13. At the September 1998 session the creation of six new national facilitation committees in SECI participating countries, constituting the implementation of UN/CEFACT Recommendation No. 4, was announced: ALBAPRO (Albania), CROATIAPRO (Croatia), HellasPRO (Greece), MAKPRO (the former Yugoslav Republic of Macedonia), SloveniaPRO (Slovenia), and TURKPRO (Turkey). Since then Bosnia and Herzegovina has established BiHPRO and Italy, a SECI supporting state, held the inaugural meeting of ItalyPRO in Trieste last week. The political turbulence that resulted in a change of government in Albania last September also suspended the development of ALBAPRO. Discussions with the government and representatives of the private sector are expected to result in "relaunching" the Albanian PRO Committee in April 1999.

14. The second phase of the SECI Border Crossing Facilitation project group culminated its work in the finalization in Crete (1-2 October) and Athens (28-29 November) on a Memorandum of Understanding on the Facilitation of International Road Transport of Goods in the SECI Region. The full text of the MoU is available on the SECI website ([www.unece.org/seci/borders](http://www.unece.org/seci/borders)). It is anticipated that the MoU will be signed by the Ministers of Transport of the SECI participating countries in Athens on 27 April 1999.

15. The Regional Advisor on Trade Facilitation participated in a conference of Balkan and CIS Freight Forwarders Associations in Istanbul, 8-9 October 1998. Mr. Abdelmalek Dahmani, the current president of the Federation of International Freight Forwarders Associations (FIATA), cited the good collaboration his organization has had in recent years with the UN Conference for Trade and Development (UNCTAD). In his keynote address, Mr. Dahmani also encouraged freight forwarders to follow the example of the international express carriers and to start thinking of themselves as multimodal transport operators because he believes that traders increasingly want a "one-stop shop" approach to importing and exporting.

16. The first meeting of the Transport and Border Crossing Facilitation project working group of the UN Special Programme for the Economies of Central Asia (SPECA) was held in Almaty, Kazakhstan, on 14-16 October 1998. SPECA is an initiative endorsed by the presidents of the five Central Asian Republics and supported jointly by the UN/ECE and the UN Economic and Social Commission for Asia and the Pacific (UN/ESCAP). Further details are available on the SPECA website ([www.unece.org/speca/](http://www.unece.org/speca/)).

17. The World Bank project team preparing the loan to finance border crossing improvements, developed by the SECI Border Crossing Facilitation project, confirmed at a meeting in Washington of 29 October their endorsement of the PRO Committee concept set down in UN/CEFACT Recommendation No. 4. The establishment and effective operation of such a committee to support the simplification of procedures, documentation and training requirements associated with border crossing operations will be an important precondition for loan financing from the Bank.

18. A workshop, "Trade Facilitation through Electronic Commerce," was organized by the Institute for Trade Studies and Research of the Iranian Ministry of Commerce in Tehran, 7-10 November 1998. The Regional Advisors for Trade Facilitation from both UN/ESCAP and UN/ECE presented a series of lectures based on the UN/CEFACT work programme. There was good participation from a cross-section of public and private sector organizations, with particular interest in Internet-based technologies.

19. A mission to Hungary on 16 November dealt with the Government's position on the SECI memorandum of understanding to facilitate international road transport. A Hungarian PRO Committee has not yet been established but this is expected to be realised in the course of 1999.

20. The "Programme of Support for Trade Facilitation Measures and UN/EDIFACT Implementation in Selected Eastern European Countries," financed by the Ministry of Industry and Trade of the Czech Republic and executed by the Czech national trade facilitation committee, FITPRO, achieved positive results during this period. A seminar on trade facilitation and UN/EDIFACT was held in Kyiv on 24-25 November 1998 as a follow-up to the initial visit of a Ukrainian delegation to Prague last July.

21. Preliminary agreement was also reached in meetings between FITPRO and the Latvian Chamber of Commerce and Industry on 15-16 December 1998 to work towards the establishment of a PRO Committee for Latvia.

22. PROLink, a mail list to support the exchange of trade facilitation information among experts in the Russian language, has been set up. Those interested to be included on this list should send an e-mail message to [mailserve@itu.int](mailto:mailserve@itu.int) and include the text "subscribe prolink" (without quotes) in the body of the message.

23. Coordination with other international bodies remains an ongoing challenge. The Regional Advisor participated in a coordination meeting held in Vienna on 1 December 1998 among the

executive directors of SECI, the Black Sea Economic Cooperation (BSEC), the Central European Initiative (CEI) and the European Union's Royaumont Process. At that meeting the Regional Advisor learned for the first time that a twice postponed meeting of the BSEC border crossing facilitation project group was being later that month, financed by the European Commission, despite an earlier agreement between SECI and BSEC to coordinate their border crossing facilitation activities.