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Item 4 of the provisional agenda

**PROPOSAL FOR THE ESTABLISHMENT OF A POLICY GROUP
AND A PROMOTION AND COMMUNICATION GROUP**

Submitted by the UN/CEFACT Chairman and the secretariat

Consultations undertaken earlier this year with UN/CEFACT participants pointed to the need for a policy (as opposed to technical) approach to trade facilitation and for the promotion and communication aspect of UN/CEFACT activities to be strengthened. The Chairman of UN/CEFACT and the secretariat thus jointly propose that the policy and communication activities be strengthened by the establishment of two groups reporting to the UN/CEFACT plenary.

In order to clarify the role and functions of the proposed new groups, two sets of terms of reference have been developed and are attached to this document.

Policy development

Trade facilitation is a diverse and challenging issue with huge potential benefits for both business and Governments on the national, regional and international levels. Trade facilitation cuts across a wide range of areas such as government regulations and controls, business efficiency, transportation, ICT, and the financial sector. It is closely related to the international supply chain and is at once a political, economic, business, administrative, technical and technological issue. Traditionally considered a technical issue in recent years, trade facilitation has emerged as a key factor in trade and economic development policy. This is due to the proven impact that trade facilitation has on competitiveness and market integration. Arguably it is more important than tariff reduction as a trade development policy issue - indeed, now that tariff reduction has essentially been achieved under GATT and the Uruguay Round, the potential gains from trade facilitation have come into sharp focus.

Another significant factor in the emergence of trade facilitation as a key economic policy issue is the changing nature of trade. In today's global economy, speed of delivery is essential to facilitate shorter product cycles, global supply chains and e-business. It is not only access to world markets that is the issue but physically getting the goods to the market on time without major delays and cost increases due to legal, administrative, customs or technical barriers and, of course, getting paid. With the significant increase in trade flows and the use of modern inventory techniques such as just in time, transparency and efficiency at international borders is critical in order to achieve the potential benefits of international and regional agreements.

It is also clear that the level of implementation of trade facilitation techniques is a key consideration in many foreign direct investment decisions. Thus, trade facilitation has become a major policy issue for achieving the economic benefits of trade at both the national, regional and global level and should, consequently, be an integral component of national and regional development plans.

It is therefore essential that trade facilitation is thoroughly integrated into national and regional trade policy. Indeed, several regional trade groups, such as APEC and the EU, have already adopted trade facilitation as a major element of their trade and economic development policy.

In parallel with the above, it is fundamental that governments liaise closely with the business community in the development of trade facilitation initiatives. Trade facilitation is essentially a government/business partnership where both parties can win and gain significant benefits.

Essentially, each country and region needs to establish a strategic agenda for trade facilitation development that has broad support from both government and the business community. In this regard, UN/CEFACT and the Regional Commissions of the United Nations have an extremely important role to play.

Promotion and Awareness

Extensive promotion^{1/} of trade facilitation is a necessity to support the achievement of the strategic goals related to it. Trade facilitation is becoming much more a political and economic issue as opposed to a technical issue and awareness of the economic development and competitiveness aspects of trade facilitation is beginning to penetrate the political agenda at a significant level. However, much more work needs to be done if the level of awareness of trade facilitation is to be recognized in its own right as a key political and economic issue. Essentially, politicians and senior government officials must be convinced of the benefits of trade facilitation and must have a clear understanding of the principles and potential benefits if they are to take the issue on board as a priority item.

1 / We use the term "promotion" to cover marketing promotion, awareness and focussed communication

This is not a simple task, as trade facilitation is a significantly more diverse and technical issue than other trade development issues, such as tariff reduction. It is essential, therefore, to distil trade facilitation into its fundamental components and present these in a logical and non-technical manner.

It will also be necessary to quantify more clearly the benefits of trade facilitation, especially in relation to other trade development measures such as tariff reduction.

In trade facilitation, the task of promotion is considerable and needs to be coordinated amongst the relevant trade facilitation related organisation in order to ensure that a consistent message is being delivered. Here, with a change of approach, UN/CEFACT could play an instrumental role. In addition, at the regional level, the regional commissions of the United Nations could be charged with promoting trade facilitation within their respective regions in a coordinated way. On a national level, the Pro committees could be called upon to launch a national awareness campaign, again building on the coordinated approach developed by the above organisations.

Therefore, it is felt that UN/CEFACT could and should strengthen its role in the area of promotional and awareness raising activities. The development of relevant promotional activities in support of strategic initiatives should be an important part of UN/CEFACT work and in cooperation with the secretariat, a promotion policy and implementation plan should be developed. This should include a clear identification of what trade facilitation is what the benefits are and how to implement the individual techniques. Publications, such as the UNECE/UNCTAD Compendium of trade facilitation Recommendations, guides outlining how the specific recommendations interrelate and indicating how they could be implemented, events like the proposed UN/CEFACT Forum and joint activities with other organisations would be important.

Conclusion and recommendation

Consultations undertaken earlier this year with UN/CEFACT participants pointed to the need for a policy (as opposed to technical) approach to trade facilitation and that the promotion and awareness aspect of UN/CEFACT activities needed to be strengthened. Following these discussions the Chairman of UN/CEFACT and the secretariat jointly propose that the policy and awareness raising activities be strengthened by the establishment of two groups reporting to the UN/CEFACT plenary.

Further, being fully aware of the proposals to the plenary from the UN/CEFACT Steering Group for the UN/CEFACT permanent working groups (TRADE/CEFACT/2002/8), this additional proposal should be seen as a complement to a strengthening of the new suggested organisation.

In order to clarify the role and functions of the proposed policy and promotion groups, two sets of terms of reference have been developed and are attached to this document.

Annex 1

Terms of Reference for a UN/CEFACT Policy Development Group

1. Purpose

The purpose of the **Policy Development Group (PDG)** is to develop high-level policy guidelines for progressing and implementing measures aimed at eliminating constraints and maximizing the impact of the Centre's work. This is achieved through the initiation of proposals, concepts and ideas indicating strategy and direction and the suggested actions by parties involved in global commerce.

The PDG may develop recommendations on specific policy issues, such as the inclusion and implementation of trade facilitation and e-business tools and measures in overall trade and Information and Communication Technologies (ICT) policy. It will report to the plenary and work closely with the CSG and the UN/CEFACT Forum in order to develop new policies and recommendations as well as consult policy issues related to the implementation of existing recommendations.

2. Key Deliverables

The key deliverables of the Policy Development Group (PDG) are proposals for trade facilitation and e-business policy measures directed towards governments and the private sector alike in all regions.

3. Functional Expertise of Membership

The Policy Development Group (PDG) consists of a group of up to ten members with in-depth experience in developing policy in such areas as either trade facilitation, trade policy, e-business or ICT. Members of the group are elected by the UN/CEFACT plenary following a proposal from the UN/CEFACT chairperson. Each UN/CEFACT Head of Delegation may nominate members to the UN/CEFACT Chairperson. However, the UN/CEFACT Chairperson may also co-opt candidates from any of the participating countries or organisations. Members, once designated, are expected to contribute to the UN/CEFACT policies based solely on their expertise. Elected members of the Policy Development Group serve for a two-year period and can stand for re-election. The Director of the UNECE Trade Development and Timber Division participates as ex-officio member of the Group.

1. Responsibilities

The Group will develop policy advice and guidelines for government and the business community on the elimination of constraints and ways to optimize effective trade and business processes through the use of trade facilitation and e-business tools. It will focus on policy as opposed to technical issues and will consider the role of Trade facilitation and ICT in enhancing economic efficiency and development in global commerce taking into account the needs of developing and transitional economies.

The Group will consult broadly with relevant agencies and the private sector to ensure a coherent and consistent approach to trade facilitation and e-business. The Policy Development Group will consult with the CSG as it develops its proposals to the UN/CEFACT Plenary for consideration and adoption.

Annex 2

Terms of Reference for a UN/CEFACT Promotion and Communication Group

1. Purpose

The purpose of the Promotion and Communication Group (PCG) is to develop policy guidelines for promotional and communication activities as well as promotional material focussing on the benefits of trade facilitation and the UN/CEFACT's work

The PCG may develop publications and guidelines on specific issues, as well as take initiatives for seminars and events. It will report to the plenary and work closely with the CSG and the UN/CEFACT Forum in order to promote its activities.

2. Key Deliverables

The key deliverables of the Promotion and Communication Group (PCG) are promotional and communication strategies to advance UN/CEFACT's vision and objectives. The group will also make recommendations: a) for promotional materials such as publications, guidelines or brochures and b) for the dissemination promotion of the Centre's work.

3. Functional Expertise of Membership

The Promotion and Communication Group (PCG) consists of a group of up to ten members with in-depth experience in promotional work. Members of the group are elected by the UN/CEFACT plenary following a proposal from the UN/CEFACT chairperson. Each CEFACT Head of delegation may nominate members to the UN/CEFACT. However, the UN/CEFACT Chairperson may also co-opt candidates from any of the participating countries or organisations. Members, once designated, are expected to contribute to the development of promotional and communication policy for UN/CEFACT based solely on their expertise. Elected members of the Promotion and Communication Group (PCG) serve for a two-year period and can stand for re-election.

4. Responsibilities

The Group will develop promotional and communication policies and material and guidelines for government and private industry on the elimination of constraints and ways to optimize effective trade and business processes through the use of trade facilitation and e-business tools. It will focus on the role of Trade facilitation and ICT in enhancing economic efficiency and development in global commerce taking into account the needs of developing and transitional economies.

The group will work intimately with the secretariat consult broadly with relevant agencies and the private sector to ensure a coherent and consistent approach to trade facilitation and e-business. The group will seek to disseminate its deliverable as widely as possible.
