

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

March - August 1997

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1. Introduction

Since the CEFACT inaugural session in March 1997 there has been continued development of the Economic Commission for Europe's programme of Regional Advisory Services¹. Two characteristics of this progression are a focusing and integration of advisory assistance within subregional programmes and an increased effort to reach countries that have not participated directly in ECE activities. This development presents new opportunities and challenges, both for the ECE secretariat and for CEFACT.

2. Subregional programmes

The Southeast European Cooperative Initiative (SECI) and the Special Programme for the Economies of Central Asia (SPECA) are two instances where the ECE is working to increase its value to Member States by focusing on selected issues especially relevant to a smaller number of countries.

SPECA, in preparation since December 1996, will be a joint effort of the ECE and the Economic and Social Commission for Asia and the Pacific (ESCAP) as the five Central Asian Republics have joint membership in both UN Regional Commissions. It centers around the joint planning of the ECE and ESCAP Regional Advisory activities, local support from the United Nations Development Programme and collaboration with the technical assistance projects of other UN agencies, notably UNCTAD, the UN Environment Programme and the UN Drug Control Programme. SPECA will be formally launched by the Executive Secretaries of ESCAP and the ECE in Almaty, Kazakhstan, in October 1997.

The impetus behind SECI is to create a regional association aimed at encouraging cooperation among its participating states² and to facilitate their integration into European structures. SECI is not an assistance program nor does it conflict with existing initiatives, but rather complements them. SECI endeavours to facilitate close cooperation among the governments of the

¹The UN/ECE Regional Advisory Services provide country-level consultation on various aspects of the Commission's programme of work. In addition to trade facilitation there are currently seven other Regional Advisors working in the areas of transport, trade investment promotion, energy efficiency, economic policy development, statistics, enterprise development and environment.

²Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Hungary, Former Yugoslav Republic of Macedonia, Moldova, Romania, Slovenia, and Turkey.

region and creates new channels of communication among policymakers. Furthermore, SECI attempts to emphasize and coordinate region-wide planning, identify needed follow-up and missing links, provide for increased involvement of the private sector in regional economic and environmental efforts and help to create a regional climate that encourages the transfer of know-how and stimulates private sector investment. SECI addresses common economic and environmental concerns as opposed to discussing specific political, historical or ethnic differences.

3. Border Crossing Facilitation

One of the initial six project groups launched under SECI was originally titled, "Trade Facilitation: Actions to Overcome Operational Difficulties at Border Crossings." Greece accepted to host the project group, which has held three meetings since March 1997. At the outset different participants advocated focusing on "trade facilitation," "transport facilitation," "transit facilitation," or "Customs facilitation," depending upon their respective ministry or industry sector. Renaming the project "border crossing facilitation" was a means of acknowledging the importance of all perspectives on the same problem.

The project has benefitted by support from the ECE Transport Division, responsible for the TIR Convention. The transit guarantee system represented by the TIR carnet is considered by many to be the most important tool to facilitate trade in the SECI region.

Important contributions to the project group have been provided by experts from many of CEFACT's participating institutions, including UNCTAD, the European Commission, EURPRO, the World Customs Organization, the International Road Transport Union and the International Chamber of Commerce. Due to competing commitments, the latter three have not been able to be present at the project group meetings but have provided important written input to project group. At a time when electronic communication is improving and travel budgets are not, the content of the contribution is more important than physical presence.

Special note is made of the contributions of one of the newer CEFACT participants, EUROPRO, which provided an informative background paper, "Setting up a Trade Facilitation Organization." (This document is available on the Internet World Wide Web at the following address: <http://www/unece/seci/borders/athens1a.htm>.) This was followed-up by a personal presentation on national facilitation bodies by a member of the EURPRO Board.

Three institutions active in the Border Crossing Facilitation project have not previously been involved in ECE Trade Facilitation activities: the International Monetary Fund, the UN International Drug Control Programme and the World Bank. In the same way that the SECI project will hopefully lead to future participation in CEFACT by countries not previously active in the predecessor Working Party 4, this type of initiative may open new channels for disseminating CEFACT's results.

As CEFACT meets this week in Geneva an ECE consultant financed by the United States is visiting the border crossing points to review the joint needs assessments made by the participating countries. In October 1997 the project group will hold its fourth and final meeting, producing a regional proposal to the World Bank to finance border crossing improvements. Less than eight months will have passed between the initiation and dissolution of the project group. The experience argues in favour of reasonably challenging objectives with short time frames in order to sustain

interest and political commitment. The importance of this political backing to the work of the technical experts cannot be over emphasized.

4. CEFACT trade facilitation recommendations

The SECI border crossing project has provided an opportunity to reexamine several WP.4, now CEFACT, trade facilitation recommendations.

In a presentation to the project group, UNCTAD outlined their approach in assisting countries in establishing national facilitation committees, based on ECE Trade Facilitation Recommendation No.4, "National Trade Facilitation Organs," UNCTAD's experience is that it is easier to enlist the cooperation of transport ministries under the banner of "national trade and transport facilitation committees (NTTFCs)". Acknowledging the validity of this point was one of the considerations that led the group to rename the project "border crossing facilitation".

The SECI project group has recommended to their governments the adoption of Trade Facilitation Recommendation No. 4 where such bodies do not exist or strengthening those that do. CEFACT may want to consider alternative terminology for Recommendation No. 4 that avoids this seemingly trivial but real obstacle to the intersectoral cooperation required for effective facilitation.

In addition to Recommendation No. 4, the border crossing facilitation discussions addressed the role for effective trade documentation to reduce border crossing delays. The experience in this region with the Single Administrative Document (SAD) of the European Union is that most are using a form with a similar layout to the SAD. The data included in the individual boxes can differ, however, due to national regulations or other requirements. It was agreed that a first objective of the SECI national facilitation bodies should be to achieve a harmonized implementation of the SAD.

While the experts from European Commission DG.XXI (Customs and Indirect Taxation) acknowledged the origins of the SAD layout in the Trade Facilitation Recommendation No. 1, "United Nations Layout Key for Trade Documents," developed by the ECE Working Party on Facilitation of International Trade Procedures, most participants had little understanding of the concept of aligned documents. Each country was provided with a copy of SITPRO's publication *Top Form 2*, the UK series of aligned export documents. The project group further recommended that each national facilitation body explore the feasibility of creating a national equivalent of *Top Form 2*.

The SITPRO publication was selected to illustrate how to implement Recommendation No. 1 not because it was considered to be the best example, but rather because it was the only known European example.³ Any CEFACT delegations that have developed materials that provide practical examples for applying international recommendations at the national level are encouraged to advise the ECE secretariat.

³ESCAP reports that good examples of aligned document sets, with guidelines, have been developed by Hong Kong, Indonesia and India, among other Asian countries. On this basis ESCAP has developed TraDES (Trade Documentation Software of ESCAP) which is being customized, on request, for by small and medium enterprises in individual countries.

5. Missions

It has been a pleasure to participate last June in national conferences on EDI and UN/EDIFACT organized in Poland and Hungary. In both countries the growing number of participants and the increasing sophistication of the discussion reflect the success of the organizers to instill an awareness of the key role electronic data interchange plays in the broader field of electronic commerce, a term increasing synonymous with modern economic development.

The individuals involved in EDI and electronic commerce implementations are typically concerned with domestic commerce and trade, not international. There may be an import or export at some point in the transaction chain. The trading partners involved in the electronic data interchanges are either in the same country, or international affiliates of the same corporate entity. Requests for assistance in the area of EDI and UN/EDIFACT are typically seeking information about how organizations in another country have successfully managed to implement these tools and techniques in a national context, not in international trade transactions.

Initial trade facilitation missions were requested by Ukraine and the Republic of Tartarstan in the Russian Federation. In both cases the requests originated from an interest to learn whether trade facilitation might assist efforts to attract foreign investment. These missions initiated an exchange of information that is ongoing but which is seriously handicapped by the lack of CEFACT trade facilitation materials available in the Russian language.

6. Other Developments

The Trade Facilitation Information Exchange, TraFIX, continues to attract interest both through the World Wide Web⁴ and as a stand-alone reference for CEFACT recommendations, standards and codes. Apart from its limitation of being available only in English, the amount of material, much of which is dynamic and requires periodic revision, is too large to be continued as an informal, spare time activity. Alternative arrangements are being sought that will ensure that the content is maintained in a reliable up-to-date manner.

The International Trade Transaction (ITT) Framework activity, formerly known as ITT modelling, continues to be the most popular and effective way to introduce trade facilitation concepts. The increasing number of participants in this activity is welcome. At the same time, there remains a divergence of opinion among CEFACT members as to the method or technique to employ.⁵

Regional Advisors assist in the promotion, understanding and application of the “deliverables” of the UN Regional Commissions. Regional Advisors on Trade Facilitation in the several Regional Commissions encourage CEFACT to achieve greater consensus on how to represent, analyze and simplify international trade procedures.

⁴The address for TraFIX on the World Wide Web is <http://www.unece.org/trafix/>. A mirror site is maintained by the Economic and Social Commission for Asia and the Pacific at <http://ecie.un.or.th>.

⁵ESCAP also reports that the ITT frameworks have been effective in the Asia Pacific region and appreciate the support received from NATPRO in advancing the use of this method.