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TRADE FACILITATION: THE IMPORTANCE OF SIMPLER PROCEDURES FOR WORLD TRADE

Proposal for a High-Level Meeting on Trade Facilitation to take place in the United Nations in May 2002

prepared by the
UN/ECE secretariat in cooperation with
the UK delegation to UN/CEFACT

Concept

The delegation of the United Kingdom to the 2001 Plenary of the UN Centre for Trade Facilitation and Electronic Business (UNCEFACT) proposed to organise a High-Level Meeting on Trade Facilitation at the United Nations in Geneva in May 2002 (1.5 days).^{*} The meeting will aim at bringing together a wide range of organizations and business representatives dealing with trade facilitation issues, in order to lay the foundations for a better exchange of information.

The meeting would focus on the benefits for the business community from trade facilitation in terms of reducing the burden of inefficient procedures, increasing transparency, improving the climate for investment and looking into ways of implementing technological solutions in developing and transition economies. It would help to define ways in which countries could build capacity for trade facilitation, and would assist the donor community to define priorities for projects. It would also contribute to the coordination of activities among international organizations, in order to increase efficiency and avoid duplication. With these objectives in mind, the meeting will review core trade facilitation issues and implications for trade policy. A background paper containing the conceptual framework for trade facilitation, definition of activities and measures for the simplification and harmonization of documents and procedures will be prepared for the meeting. This will contribute to the research of generally acceptable definition of trade facilitation activities and, consequently, to better understanding of the issues by recipient and donor countries.

The meeting would be organised back-to-back with the re-scheduled annual sessions of two bodies of the United Nations Economic Commission for Europe: the Committee for Trade, Industry and Enterprise Development (CTIED) and of UN/CEFACT, possibly in the week of 13-17 May 2002. Governments, international organizations, non-governmental organizations, the business community and experts in trade facilitation issues will be represented. The UN/ECE would organize the conference in cooperation with the

^{*} UN document TRADE/CEFACT/2001/35 from 4 June 2001, paragraphs 24-25.

WTO, WCO, UNCTAD and ICC. The meeting will aim at a balanced representation of all regions in the world, involving the five regional economic commissions of the United Nations. It will establish a link between activities in trade facilitation and the United Nations Global Compact with the business community.

Objectives of the High-Level Meeting

This meeting will not seek to develop binding rules for trade facilitation. It will focus on a number of high-level as well as specific objectives. Firstly, in line with the mission of the United Nations, it will highlight the link between trade facilitation and peace-building: the possibility of achieving a climate of trust and economic development through lowering trade barriers and increasing functional cooperation in trade facilitation. The meeting will put in the spotlight the experience of initiatives in conflict-stricken areas, for instance, the Southeast European Cooperative Initiative (SECI). Secondly, the meeting will underscore the benefits from international and regional trade liberalisation through trade facilitation techniques, which contribute to economic growth and poverty alleviation. Thirdly, the meeting will promote an inclusive approach to trade facilitation, open to all countries and based on cooperation and harmonization among various international institutions. It will contribute to a broader understanding of trade facilitation, beyond purely customs matters. Fourthly, it will point to transparency and integrity as fundamental building blocks for increased trade and economic growth. The WCO has already put together a number of initiatives for safeguarding integrity and transparency in Customs administrations, which would be presented at the meeting.

The specific goals of the High-Level Meeting will address three major issues, which will determine the structure of the meeting:

1. Why business needs trade facilitation? The meeting will address the contribution of trade facilitation to the establishment of open markets and to the creation of long-standing opportunities for investment and, consequently, economic growth. The speakers during the first half-day of the meeting, most of whom will come from the business community, will address the main contributions of trade facilitation to the global economy and to individual economies and particular industry sectors. They will also discuss the best practical ways for e-business to support trade facilitation. The meeting will discuss expanding the concept of trade facilitation to trade in services and to financial services in general.
2. Why should Governments contribute to trade facilitation? Both benefits and costs of trade facilitation are related to numerous private and public actors, and Governments have to contribute both by bearing part of the cost and by coordinating activities in a complex field which combines internal, external and multilateral policies. The speakers during the second half-day will address existing obstacles to trade facilitation and the ways in which Governments can contribute to finding solutions. The speakers and participants in that session will assess the importance of trade facilitation for government revenue, foreign investment and specific integration policies, from the perspective of international supply chains and the need for capacity-building initiatives in developing and transition economies.
3. How to achieve an open, effective and inclusive trade facilitation environment? States and private entities should benefit from the effective use of the existing system of international and regional organizations active in trade facilitation. Cooperation and harmonization are important in order to define the roles of the various international and non-governmental organizations involved in trade facilitation activities. This would ensure that there would be no duplication of activity among different institutions. The third half-day of the meeting will focus on the possible ways in which the international organizations could contribute to facilitating trade throughout the world. The meeting will also contribute to the better understanding of how trade facilitation might feature in the multilateral trade negotiations in the future. It will review ideas and possible institutional cooperation in the field of technical assistance and capacity-building for trade facilitation.

Potential participants:

- Governments involved or willing to be involved in trade facilitation from industrialised, transition and developing countries;
- International organizations;
- Non-governmental organizations;
- Representatives of the business community; and
- Prominent academics and experts researching issues related to trade facilitation and e-business

Governments and organizations are invited to send representatives at the level of senior officials and junior ministers, i.e. on a level above that of technical experts, and at a level where policies and practical improvements to trade facilitation can be understood, agreed and applied.

An **organizing committee** would be set up, which would include representatives from UN/ECE, UNCTAD, WCO, WTO, ICC and others.

Outcome

It is expected that the High-Level Meeting will identify directions for further action; in particular:

- agree on recommendations concerning improved coordination of activities of Governments and international organizations in the field of trade facilitation;
- identify areas where new recommendations and standards in the field of trade facilitation are needed;
- suggest means to implement trade facilitation techniques in the various groups of countries;
- promote proposals for capacity-building in developing and transition economies;
- suggest the best practical ways for e-business to support trade facilitation, including facilitated access to high speed and low cost facilities;
- prepare a publication containing the practical recommendations, concept papers and studies produced for the conference;
- plan for a follow-up meeting in 2003, which could form an input into future multilateral trade negotiations.

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Suggested Schedule for the High-Level Meeting on Trade Facilitation in May 2002					
	Day 1 Monday, 13 May	Day 2 Tuesday, 14 May	Day 3 Wednesday, 15 May	Day 4 Thursday, 16 May	Day 5 Friday, 17 May
Morning	Plenary Session of the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT)	Plenary Session of the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT)	High-Level Meeting on Trade Facilitation (Why is Government Involvement Needed?)	Committee for Trade, Industry and Enterprise Development (CTIED) meeting to follow up and consider the results from the High-Level Meeting on Trade Facilitation	Committee for Trade, Industry and Enterprise Development (CTIED)
Afternoon	Plenary Session of the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT)	High-Level Meeting on Trade Facilitation (The Private Sector's Stake in Trade Facilitation)	High-Level Meeting on Trade Facilitation (Coordination and Harmonization of International Activities)	Committee for Trade, Industry and Enterprise Development (CTIED)	UN/CEFACT Steering Group Meeting (CSG)
Parallel workshop sessions					

Parallel workshop sessions will be organized on 16-17 May 2002 on the following themes:

- trade facilitation in the multilateral trade negotiations;
- the role of rules and codes in trade facilitation;
- trade facilitation techniques in ports;
- landlocked countries and transport issues;
- the UN/CEFACT Modelling Methodology (UMM);
- workshop-interface with academics on (1) quantitative assessment of the losses from inefficient trade procedures; (2) an economic methodology to assess the loss from corruption in international trade in the various countries; (3) ownership and cost-bearing issues in the provision of international trade facilitation products;

The goal of all workshops will be to identify particular remaining barriers to trade and produce reports, which will be included in the final publication.

ANNEX I

Background of the inter-institutional cooperation in trade facilitation

The UN/ECE is the focal point for the development of international standards and recommendations for the reduction of red tape in international trade, simplification and harmonisation of international trade procedures and migration from paper documents to electronic means of transferring information. For that purpose the trade facilitation activities of the Commission were reorganized in 1996 and UN/CEFACT (Centre for Trade Facilitation and Electronic Business) was established.

The World Trade Organization (WTO) has put trade facilitation on the agenda of its Council for Trade in Goods and has carried out a series of informal meetings and seminars on technical assistance in trade facilitation. Informal meetings have also taken place between the secretariats of the UN/ECE and the WTO in order to coordinate the activities. It has been explained that the WTO is mainly concerned with macro-economic principles and does not intend to carry out technical work in trade facilitation which could duplicate efforts being undertaken in other organizations.

The main objective of the United Nations Conference on Trade and Development (UNCTAD) is to encourage more actors to participate in international commerce, including the integration of developing countries and small and medium-sized enterprises into an open global trading environment. UNCTAD develops a global trade point network, which assists traders with advice and services and provides a gateway to global trading networks, trade information and data on windows of opportunity for traders, but also in developing transport projects, especially for land-locked countries. The International Trade Centre (ITC), created by the WTO and UNCTAD, focuses on trade information including advice to countries on the development of infrastructure for the dissemination of trade information; training of experts and providing market information. ITC has a long record of technical cooperation, especially in analysing demand trends and market conditions, designing marketing strategies. The UN/ECE and ITC cooperate on trade finance questions.

The UN/ECE and UN/CEFACT have longstanding cooperation with the World Customs Organization (WCO). The UN/ECE and the WCO signed a Memorandum of Understanding in April 2001. This document creates a solid basis for cooperation between the two organizations. There is a common understanding between the two organizations that the concept of trade facilitation goes beyond the limits of customs issues, in which the WCO has expertise.

The UN/ECE has established fruitful cooperation with the International Chamber of Commerce (ICC). The ICC has participated in the development and revision of UN/ECE Recommendations and other documents. Recommendation no. 5 uses ICC Publication 560, Incoterms 2000, or Recommendation No. 31 (the Electronic Commerce Agreement). ICC works with Governments and businesses to address key issues about the emergence of a global marketplace for electronic commerce. It cooperates with UN/ECE on intellectual property issues in economies in transition. The UN/ECE and the ICC have a common interest in promoting efficient arbitration solutions and electronic business standards. The ICC actively supports the United Nations Global Compact with the business community.

In 2000 the UN/ECE, the International Electrotechnical Commission (IEC), the International Organization for Standardization (ISO) and the International Telecommunication Union (ITU) agreed to coordinate their relevant work programmes. The UN/ECE maintains close contacts on standardization issues with the World Health Organization (WHO), the International Labour Office (ILO), and the Food and Agriculture Organization (FAO).

ANNEX II

**Preliminary List of
International Organizations and Non-Governmental Organizations
to Be Invited to Participate in the Meeting**

- International organizations:

United Nations Economic Commission for Europe (UN/ECE) and the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT)

United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

United Nations Economic and Social Commission for Western Asia (ESCWA)

United Nations Economic Commission for Africa (ECA)

United Nations Economic Commission for Latin America and the Caribbean (ECLAC)

United Nations Conference on Trade and Development (UNCTAD)

United Nations Commission on International Trade Law (UNCITRAL)

International Maritime Organization (IMO)

International Telecommunication Union (ITU)

International Trade Centre (ITC)

The Special Adviser to the Secretary General of the United Nations for the Global Compact with the business community

International Monetary Fund (IMF)

World Bank

World Trade Organization (WTO)

African Development Bank (AfDB)

Asia-Pacific Economic Cooperation secretariat (APEC)

Asian Development Bank (ADB)

Bank for International Settlements (BIS)

Black Sea Economic Cooperation (BSEC)

Commonwealth Business Council

Commonwealth Secretariat

Danube Commission (CD)

Economic Community of West African States (ECOWAS)

European Bank for Reconstruction and Development (EBRD)

European Commission (EC)

European Free Trade Association (EFTA)

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Inter-American Development Bank (IADB)

League of Arab States

Organisation for Economic Co-operation and Development (OECD)

Southeast European Cooperative Initiative (SECI)

Stability Pact

Universal Postal Union (UPU)

World Customs Organization (WCO)

- Non-governmental organizations:

Association of Committees on Simplified Procedures for International Trade within the European Community and the European Free Trade Association (EUROPRO)
Electronic Commerce Code Management Association (ECCMA)
Electronic Commerce Europe Association (ECEA)
European Community Shipowners' Associations (ECSA)
European Electronic Messaging Association (EEMA)
International Air Transport Association (IATA)
International Article Numbering Association (EAN)
International Association of Ports and Harbours (IAPH)
International Chamber of Commerce (ICC)
International Chamber of Shipping (ICS)
International Electro-technical Commission (IEC)
International Federation of Freight Forwarders Associations (FIATA)
International Federation of Inspection Agencies (IFIA)
International Multimodal Transport Association (IMTA)
International Organization for Standardization (ISO)
International Railway Transport Committee (CIT)
International Road Union (IRU)
Organisation for the Advancement of Structured Information Standards (OASIS)
PRO-Committees (national trade facilitation bodies)
Society for Worldwide Interbank Financial Telecommunications (S.W.I.F.T.)
Supply-Chain Council
Transparency International (TI)
United Towns Agency for North-South Cooperation
User Group for Shipping Lines and Container Terminals (SMDG)
Webforce International
World Economic Forum (WEF)
World Wide Web Consortium (W3C)

ANNEX III**Proposal for the Establishment of a Trust Fund**

This project goes beyond the scope of current activities on trade facilitation, it has far reaching objectives, and this will necessitate extrabudgetary resources to assist in the:

1. Definition of the issues and concepts for discussion at the High-Level Meeting and preparation of a background paper using a network of contacts managed by the UN/ECE secretariat;
2. Preparation of a publication containing the findings of the meeting, publicity and web-casting of the meeting;
3. Assistance to participants from developing and transition economies and the United Nations regional commissions, taking into account the necessary balance among the various regions of the world: Eastern Europe, Asia and the Pacific, Western Asia, Africa, Latin America and the Caribbean, in addition to Western Europe, North America and Japan;
4. Setting up of a small hospitality budget.

It is suggested to establish a budget of approximately USD 250,000 managed through a trust fund.
