

### **3. PROGRESS IN NATIONAL COORDINATION FOR TRADE AND TRANSPORT FACILITATION IN OTHER REGIONS**

This chapter reviews the progress which has been made in regions of the world outside of the UNESCAP region, in terms of establishing trade and transport facilitation mechanism.

The approaches to trade and transport facilitation by SITPRO Ltd. in the United Kingdom, SWEPRO in Sweden, a large project in Southeastern Europe, and networking of national committees are reviewed in this chapter, and the approach taken in the case of the mechanism being implemented in the member countries of Economic and Social Commission for West Asia (ESCWA) is also reviewed.

#### **3.1 SITPRO Ltd.**

SITPRO was originally established in 1970 as the Simpler Trade Procedures Board to coordinate the implementation of trade facilitation initiatives in the United Kingdom. In 2001 it was restructured as a limited liability company and became SITPRO Ltd.

Although classified as a non-departmental public body which is accountable to the Department of Trade and Industry for achievement of its objectives, SITPRO, by virtue of its unique corporate status, is also accountable to the wider trading community it represents. This is made clear by its mission statement (following) which emphasizes its role to improve the competitiveness of traders:

SITPRO's mission is to use its unique status to improve the competitive position of traders by facilitating change through:

- *Identification and removal of barriers in the international trading process;*
- *Identification and promotion of best trading practices;*
- *Influencing future trading policies<sup>14</sup>.*

SITPRO receives a grant-in-aid from the Department of Trade and Industry, but is also funded by contributions from the trading community as well as by revenue generated from some of its services.

SITPRO offers a wide range of services (some of which are chargeable) to the trading community, including advice, briefings, publications and checklists covering the various international trading practices. In addition, SITPRO manages the aligned system of export documentation and licenses the printers and software suppliers who sell the forms and export documentation software.

SITPRO's work is guided by a board, consisting of nine directors (including a chairperson) and four board advisors, and by three policy groups. The directors have a broad range of experience extending across transport, finance and international trade. The policy groups are assisted by voluntary specialist advice from SITPRO's membership. It is claimed that at any one time there are about 100 executives and specialists taking part in this work.

The policy groups address policy issues in the following fields:

- *Port procedures*, with the objective of rationalizing and harmonizing official controls and commercial practices that affect the operational management of, and the movement of goods through the port environment (which includes seaports, airports, rail facilities and inland clearance depots);
- *International trade practices*, with the objective of supporting SITPRO's overall goal of improving trader competitiveness, by pressing for the removal of unnecessary or excessive barriers to trade (whether in relation to Customs or other administrative processes), identifying and promoting best trade practice, and encouraging the rational and integrated use of new technologies); and
- *E-Business and standards*, with the objectives of: developing SITPRO's strategy related to e-business developments in trade facilitation; acting to ensure that e-business developments in the international trade process are necessary and beneficial to the trading community; and monitoring and assessing the impact on the trading community of proposed changes in international, European and national trade law.<sup>15</sup>

As an example of its work in relation to the reform of international trade practices, SITPRO has been working for the introduction of Single Window<sup>16</sup> trade clearance procedures by the UK authorities. Its work in this area has also involved quantifying the savings which would be available to the trading community from elimination of the present requirement for traders to submit identical or similar data to several government departments in order to clear the same shipment.

### 3.2 SWEPRO

SWEPRO, the Swedish Trade Procedures Council, was established by the Government of Sweden in 1975 in order to promote simplification and efficiency in international trade procedures through active participation in central international fora, through which these matters are addressed.<sup>17</sup>

SWEPRO was formed in accordance with the Recommendation 4 on National Trade Facilitation Organs in 1974<sup>18</sup>. It is more of a consultative body of private sector managers, public-sector administrators and policy makers, and consists of members representing business and public authorities, including the: Swedish Bankers' Association; Swedish Trade Council; Swedish Alliance for Electronic Commerce; National Board of Trade; Swedish Federation of Trade; Swedish International Chamber of Commerce; Confederation of Swedish Enterprise; Swedish International Freight Association; Swedish Customs and Swedish Ministry of Foreign Affairs.

SWEPRO is supervised by the National Board of Trade, which is a government administrative body dealing with foreign trade and trade policy. Its secretariat is administrated by the National Board of Trade.

<sup>15</sup> "Policy Groups" from SITPRO website.

<sup>16</sup> "Single Window Procedures" have been defined by SITPRO as procedures "...enabling the provision of standardized information with a single body to fulfill all import, export, and transit related regulatory requirements. If information is electronic, then individual data elements should be submitted once."

<sup>17</sup> SWEPRO website: [www.swepro.org](http://www.swepro.org).

<sup>18</sup> This Recommendation was replaced by the Recommendation on National Trade Facilitation Bodies in 1999.

The primary role of SWEPRO is to provide a forum for discussion and information regarding trade facilitation issues. The forum ensures that facilitation activities are approached in a coordinated manner to guarantee that problems are solved effectively and efficiently. It monitors the implementation of jointly-agreed facilitation measures. SWEPRO has undertaken some important surveys and studies on trade facilitation issues, such as data interchange in international trade and impact and benefits of trade facilitation.

SWEPRO also discusses international work in the field of trade facilitation. It coordinates and participates in work that is mainly conducted within the framework of the United Nations, the WTO, the World Customs Organization (WCO), the Organization for Economic Cooperation and Development (OECD), and the European Union (EU). SWEPRO also cooperated with some developing countries to promote trade facilitation.

Similarly, in Sweden, the Trade Procedures Council (SWEPRO) is the discussion forum for international work in the field of simplification of trade procedures. It is under the National Board of Trade. The Board provides the Government with analyses and recommendations and acts as the secretariat for SWEPRO, which consists of representatives of the Government and key business organizations. SWEPRO participates in the intergovernmental work in the United Nations and the EU to simplify and harmonize procedures and information flow, including electronic means in international trade.

### **3.3 Regional Programme of Trade and Transport Facilitation in Southeast Europe (TTFSE)**

The TTFSE Programme had its origins in the Southeast Europe Cooperation Initiative (SECI) of the European Commission, which was launched in December 1996 to strengthen regional economic and environmental cooperation among the countries of Southeast Europe.<sup>20</sup> Major elements in this initiative were the promotion of efficient transit and the combating of corruption and smuggling within the sub-region. The initiative was supported by UNECE and the Governments of Austria, Italy and the United States.

In late 1998, six countries of Southeast Europe, supported by SECI, requested the World Bank's support to a regional programme of trade and transport facilitation in Southeast Europe. Following a review of the main impediments to trade and transport, five core elements were identified for the programme, namely: institutional reforms, procedural simplification, information technology improvement, border facility upgrading and support to regional cooperation. The original six countries, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, and Romania signed a Memorandum of Understanding in February 1999 to join the programme and to apply a set of coordinated measures to reduce corruption and smuggling at border crossings. They were joined in November 2001 by the former Federal Republic of Yugoslavia and Moldova, when these countries signed the memorandum.

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<sup>20</sup> Participating countries in the SECI include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Hungary, Moldova, Romania, Slovenia, FYR of Macedonia, and Turkey.

The programme gives priority to the modernization of inefficient Customs procedures, which are considered to impose the single most serious impediment to efficient flows of trade and transport across the borders of the sub-region's countries. Under the various TTFSE projects, Customs administrations are modernizing their services and aligning their operational performance with the standards of the EU. In addition, streamlined border crossing procedures are being pilot-tested at selected sites.<sup>21</sup>

The objective of these pilot tests is to improve the efficiency of border crossing administrative procedures and increase the volume and value of cross-border trade principally by:

- Streamlining administrative processes through functional integration of border administration agencies (involving the re-training of border control staff);
- Eliminating/reducing border crossing delays through physical and operational reorganization of border checkpoints;
- Establishing standards for the operational performance of border control staff and measurement of performance against these standards; and
- Reducing border crossing costs by eliminating/reducing opportunities for corruption (mainly through procedural improvements).

Of particular note are the project administrative arrangements which have been put in place to coordinate and monitor the implementation of the improved border procedures. These arrangements build on existing administrative mechanisms, and include:

- A high-level Regional Steering Committee convening all countries twice a year to facilitate cooperation and experience sharing;
- A regional website which disseminates information on the border crossing procedures and formalities of all eight participating countries;
- Public-private working groups, or *Pro-committees*, interacting quarterly;
- Regional conventional and distance learning programmes to harmonize the quality of transport service providers; and
- Paired local project teams gathering all border agencies at pilot border crossing points, with interaction across the border.

The TTFSE Programme is being co-financed by the Government of United States and the World Bank, with the Government of United States providing grant for technical support and the World Bank financing border post infrastructure and inspection equipment, local area networks, and information systems for Customs clearance operations.

### **3.4 Networking of PRO-Committees in Europe**

There are two networks of PRO Committees in Europe, EUROPRO and SECIPRO.

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<sup>21</sup> "Clearance and Administrative Simplification", Section 1, TTFSE Manual, November 1, 2002.

EUROPRO is the Association of Committees on Simplified Procedures for International Trade within the European Community and the European Free Trade Association<sup>22</sup>. It was established in response to the Recommendation 4 on National Trade Facilitation Organs in 1974. It consists of most European PRO Committees.

EUROPRO's main objective is to promote and harmonize facilitative trade practices within the EU and internationally, and to help remove procedural barriers to trade. It contributes to the facilitation activities organized by the United Nations agencies, WTO, WCO and EU through presentations and position papers. EUROPRO formed a European Business Trade Facilitation Network in 2001, which contributes to the WTO negotiation on trade facilitation.

SECIPRO, established in 1998, is a network of PRO Committees in Southeast Europe. It was born out of the Southeast European Cooperative Initiative. The network consists of 10 PRO Committees from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYROM, Greece, Moldova, Romania, Serbia and Montenegro, and Turkey. Its aim is to facilitate transport and trade in the region by eliminating border obstacles to trade and expediting the movement of goods through the region.

Major activities and initiatives of the SECIPRO network are as follows:

- Involving in implementation of the trade facilitation component of the World Bank programme for Trade and Transport Facilitation in Southeast Europe.
- Assisting identification and resolution of problems related with border crossing on a bilateral and trilateral level.
- Raising public awareness on challenges and threats related with security and corruption.
- Promoting capacity building and local expertise by facilitating the exchange of best practices in:
  - Transport and trade security;
  - Combating systematic corruption;
  - Elimination of non-tariff barriers;
  - Customs modernization;
  - Public private partnerships;
  - International Vehicle Weight Certificate;
  - Single Window development and implementation; and
  - EUROPRO - SECIPRO cooperation.

### **3.5 Establishment of NTTFC's in the ESCWA Region**

ESCWA has been actively involved in identifying and seeking measures to resolve the major problems of trade and transport facilitation experienced by its member countries. Its activities in this respect have included the organization of a major regional seminar on trade efficiency and a field study of the procedures associated with transporting freight across land borders, both of which have provided a basis for

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<sup>22</sup> SECIPRO website: <http://www.secipro.net/>

its recent activity in promoting the establishment of NTTFC's throughout the ESCWA region.

### **3.5.1 Study of border crossing procedures for freight transport**

ESCWA undertook an analytical field study of the procedures involved in transporting freight across national borders.<sup>23</sup> The study encompassed five countries of the ESCWA Region, the Syrian Arab Republic, the United Arab Emirates, Egypt, Jordan and Lebanon, which apply procedures ranging from the traditional to the most sophisticated high technology-based systems, and identified the problems associated with international cross-border freight transport operations and the causes of those problems. The problems were summarized under three headings: the high cost of procedures; the lengthy time taken to complete procedures; and illegal practices. The lack of transparency in the application of procedures and of adequate forewarning to the trading community of any procedural amendments were identified as serious shortcomings of existing systems. Other major sources of inefficiency were identified as duplication of the documentation and information requirements of multiple different government agencies involved in border control, the lack of any link between the parties involved in trade transactions which would enable them to exchange information electronically and the lack of harmonization of documentation and control procedures across borders. The study concluded with 11 recommendations for the resolution of these problems, these recommendations being adopted by the ESCWA Committee of Transport at its second session in February 2001, and supported by the 21<sup>st</sup> ESCWA session in May 2001.

### **3.5.2 Promotion of NTTFC's**

A mandate for the ESCWA involvement in promoting the establishment of NTTFC's was provided by the recommendation of the 3<sup>rd</sup> session of the Committee of Transport in March 2002 that:

- National facilitation committees should be established;
- Implementation should begin in member countries; and
- ESCWA should prepare a manual for the establishment of those committees and put in place a regional mechanism for coordination between them.

The manual prepared by the ESCWA secretariat sets out the general and specific goals of the committees, activities to support achievement of those goals, the constitution and powers of the committees, the membership composition of the related technical sub-committees, and the arrangements for coordination at the regional level.<sup>24</sup>

#### **(a) General and specific goals of committees**

The general goals of national facilitation committees were specified as:

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<sup>23</sup> ESCWA, *The facilitation of international freight transport in the ESCWA region*, E/ESCWA/TRANS/2000/4 (6 parts).

<sup>24</sup> ESCWA, *Manual for the Establishment of National Trade and Transport Facilitation Committees in the Countries of the Economic and Social Commission for Western Asia Region*, United Nations, New York, 2002.

- Facilitation of trade and transport through simplification and harmonization of procedures and operations, implementation of administrative and legal reforms, and mechanization of procedures with the support of information and communication technologies;
- Strengthening of national competitiveness and expansion of export volumes through operational and procedural improvements; and
- Removal of barriers to trade between countries, thereby accelerating their regional integration.

Specific goals for the national facilitation committees were specified as:

- Provision of a national forum for the facilitation and direction of the procedures, practices and documents used in foreign trade;
- Preparation of a draft document to be approved by the Government, dealing with the facilitation of all procedures relating to trade and transport;
- Making of recommendations to the Government concerning investments to develop trade and transport; and
- Achieving an increased awareness of the benefits of facilitating trade.

(b) Activities to support achievement of goals

The activities seen as necessary to support achievement of the above defined goals of the national facilitation committees were classified under four headings: the facilitation of trade and transport; organizational activities; development activities; and training activities.

Activities associated with the facilitation of trade and transport were seen to include simplification and standardization of the procedures required for international trade (including multimodal transport), gathering and dissemination of information on the official procedures involved in international trade and transport, and promotion of the use of information technology in the fields of trade, transport and communications.

The organizational activities of facilitation committees were defined as the revision, amendment, drafting and proposal of policies, documents, systems, laws and regulations related to every aspect of trade and transport operations, as required improving the efficiency of these operations. Other organizational activities would include the provision of advice to the Government on the benefits of accession to international conventions and treaties relating to the facilitation of trade and transport.

The development activities of facilitation committees were defined as the review of investment policies to assist the introduction and development of trade and transport technologies, as well as consideration of issues related to the institutional development of cross border transport (especially multimodal transport).

The training activities of facilitation committees would comprise the organization of campaigns, workshops or visits by technical experts to increase awareness among the decision makers of the trading community (whether from the public or the private sector) of the benefits of, and requirements for, facilitating trade related procedures and documents.

(c) Constitution and powers of committees

It was emphasized that the success of facilitation committees in achieving their goals would, to a major extent, depend upon the inclusion in their membership of high level representatives of all parties involved in international trade and transport, both from the public and the private sectors.

Very detailed list of the organizations which should be represented from each of the public and the private sectors were provided.

In the case of the public sector, this list includes: the trade and transport regulatory agencies (e.g. ministries of transport, trade, and finance or Customs); the government agencies responsible for transport infrastructure and services (including roads, seaports, airports and railways); public sector banks and insurance companies; import and export licensing and production certification authorities; the ministry of the interior and the security and law enforcement agencies; the ministries of agriculture, industry, health and communications; and the central bank.

In the case of the private sector, the list includes: exporters and importers; trade and transport service providers, e.g. transport brokers, freight agents, Customs clearers, marine agents and travel agents, and private transport operators; private banks and insurance companies; chambers of commerce and industry; and the relevant labour unions, associations and syndicates.

It was further recommended that the committee should:

- Come within the purview of the president of the council of ministers and that the presidency of the committee should be assumed either by the minister of transport, the minister of trade, or the minister of finance, with the remaining two ministers assuming the positions of vice-presidents of the committee;
- Comprise at most 10-15 members, drawn in equal numbers from the public and private sectors;
- Be established by a decree from the council of ministers and promulgated in the official gazette; and
- Be supported by a secretariat comprising an executive secretary and a dedicated administrative and technical team.

The funding of the committee and its secretariat was not addressed specifically, although it was specified that “the national committee and its secretariat must be assured of material and real resources from the government, the private sector or from technical assistance projects provided by international organizations”.<sup>25</sup> It was further suggested that the best option would be for this support to be provided from the joint resources of all these parties.

(d) Composition of the technical subcommittees

It was recommended that the national trade and transport facilitation committee should comprise technical subcommittees responsible for studying each of the main sectors involved in international trade operations, namely transport, communications,

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<sup>25</sup> ESCWA (2002), page 6.



trade practices, Customs, commercial data, banks and insurance. The sub-committees would study the issues referred to them by the main committee and would disband once their tasks have been completed and they have submitted their final reports. The members of these subcommittees would be the experts and technical specialists from member organizations with expertise relevant to the issues being dealt with by the sub-committee.

(e) Coordination at regional level

It was recommended that the Commission, through its trade and transport facilitation team within the Globalization and Regional Integration Division, would undertake the role of regional coordinator, with specific responsibility for:

- Coordinating the responses to enquiries addressed by the sub-committees to the ESCWA and the relevant regional and international organizations;
- Coordinating between the NTTFC's in member countries and provide them with technical support;
- Coordinating between the member countries and the relevant international organizations, with a view to identifying the countries and sectors which need training and awareness-raising seminars and arranging necessary regional level activities for that purpose;
- Following up regional progress in the trade and transport sectors, and coordinating campaigns at regional level in order to raise awareness of the importance of adopting good facilitation practices in those sectors;
- Identifying common technical, organizational and trade barriers among the countries of the region;
- Identifying common solutions to current problems by drawing up a regional plan of action; and
- Proposing standards to be adopted at regional or international level with respect to, inter-alia, documentation, Customs tariff structures and EDI.

**3.5.3 Experience with the establishment of NTTFC's in ESCWA member countries**

National facilitation bodies had been established by two member countries of the ESCWA region before the UNESCAP study was undertaken.

In 2002 Egypt, pursuant to a presidential decree, established a national transport committee under the direction of the Ministry of Foreign Trade. The main purpose of this committee is to study transport problems impacting on the flow of foreign trade and to propose solutions which can, in particular, contribute to increased efficiency in the country's export trade and, as a consequence, to enhanced export competitiveness. The enabling decree also provided for the formation of sub-committees to consider issues related to individual transport sub-sectors, viz. land, air, sea and river. Each sub-committee prepares a monthly report on its activities for the main committee. The technical secretariat for the committee and its related sub-committees is provided from the staff resources of the Ministry of Foreign Trade. Independent initiatives have been taken outside the committee's jurisdiction to improve trade documentation and inspection procedures. Under another presidential decree a single authority (the General Authority for Control of Imports and Exports)

was created in 2000 to apply integrated border control and inspection procedures in place of the multiple (and often duplicated) procedures previously applied by numerous government inspection authorities.

Yemen has established a “committee for the facilitation of trade between Yemen and the countries of Western Asia”.<sup>26</sup> This committee is comprised of 11 members (seven from the public sector and four from the private sector). Agencies of government represented on the committee are the ministries of trade, industry, communications, finance and justice, Customs, and the Central Statistical Organization. The private sector is represented by the Federation of Yemen Chambers of Commerce and Industry, the Association of Commercial Banks, the Union of Transport Companies, and the Yemen Insurance Federation. The committee is chaired by the Minister of Industry and Trade and has six sub-committees, dealing individually with problems of trade facilitation in the following areas: trade practices, trade data, banks and insurance, Customs, transport, and communications. The work of the committee and its constituent sub-committees is supported by an executive secretariat and is funded by an annual budget jointly provided by the public and private sectors. Major tasks being undertaken by the committee include:

- Formulation of a plan of action to facilitate and improve trade between Yemen and other ESCWA member countries;
- Identification of the restrictions and bottlenecks involved in commercial operations and payments;
- Development of best practices by simplifying procedures and consolidating the various stages of commercial transactions;
- Identification of remedies and solutions to trade problems, including the use of information technology to facilitate trade;
- Dissemination of information concerning the benefits of trade facilitation to businessmen, small traders, government institutions and trade service providers; and
- Proposal of legislative amendments necessary to facilitate and improve trade.

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<sup>26</sup> ESCWA (2002), page 9.