

## 6. RECOMMENDATIONS

This chapter presents the recommendations drawn from the study on the establishment or enhancement of national, sub-regional and regional mechanisms, which will have the capacity to review, assess, propose and implement actions for the facilitation of trade and transport throughout the UNESCAP region.

In this context, facilitation implies the removal of barriers to international trade and transport, whether physical, financial or institutional in nature.

The recommendations elaborated in this chapter have been formulated to ensure effective coordination between the different interest groups/stakeholders. The facilitation mechanisms are thus a means to an end and can take a variety of forms. The recommendations thus take into account the facilitation mechanisms that guidance to countries that have no institutional mechanism in place at present, as well as to countries that already have mechanism in place so that they can be strengthened or modified as appropriate.

The recommendations are designed to put in place effective coordination mechanisms which will fully involve all of the entities participating in international trade and transport, whether from the public or private sector.

***Accordingly it is recommended that the member countries of the UNESCAP region, if they have not already done so, give consideration to the establishment of or strengthening national trade/transport coordination mechanisms with the characteristics adapted from the following in accordance with their national conditions.***

### **Recommendation 1: Purpose**

***It is recommended that the national facilitation coordination mechanisms cooperate, coordinate, propose and implement arrangements for improvement of the effectiveness and efficiency of international trade and transport.***

Comment: The main purpose of this mechanism emphasizes the importance of cooperation, coordination, proposal and implementation of facilitation measures for effective and efficient international trade and transport to increase the national trading competitiveness. Some facilitation measures can be implemented directly by the facilitation bodies while some be proposed by the facilitation bodies for implementation by their member organizations.

### **Recommendation 2: Form and role**

#### **(i) Form**

#### **Recommendation 2.1:**

***It is recommended that national coordination mechanisms take the form of regulatory and advisory bodies, which are charged with the coordination and implementation of actions to facilitate efficient international trade and transport and propose facilitation measures to government.***

Comment:

Many government agencies are involved in International trade and transport. Efficient trade and transport across national borders can only be realized through effective cooperation and coordination among all of the government agencies concerned. The cooperation and coordination must focus on two core essential areas: trade and transport. The form of the mechanisms needs to take into account the government decision making structure to facilitate implementation of facilitation measures. Such an appropriate form may be achieved by establishing one joint trade and transport facilitation body or two government inter-agency coordination bodies for trade and transport respectively.

Through the formation of advisory bodies an effective dialogue can be established among many and diverse parties involved in international trade and transport. These parties include government agencies responsible for policy making and regulation, the trading community, transport operators, and trade service providers. This form of public/private partnership will encourage the desired level of dialogue, and foster a spirit of ownership, among the interested parties.

(ii) Role

**Recommendation 2.2:**

***Ideally, national coordination mechanisms should be established with a role to review, assess, propose and take action for the facilitation of international trade and transport.***

Comment:

In order to effectively use scarce government resources in the landlocked and transit developing countries and to ensure the survival of these coordination mechanisms, the mechanism must have a substantive role in implementing facilitation measures. Under this recommendation, national coordination mechanisms would in fact be responsible for considering both the specific and joint issues associated with trade and transport facilitation. A degree of specialization can be provided in the organization of this mechanism by creating a joint trade and transport facilitation body or separate inter-agency trade/transport facilitation bodies or working groups to deal with the specific issues of trade and transport facilitation while overlapping issues can be dealt with through the mutual membership of inter-agency coordination bodies or the joint advisory bodies (see also Recommendation 3, relating to mechanism organization and structure).

**Recommendation 3:                      *Organization, membership, direction/accountability, staffing and meeting frequency***

(i) Organization

**Recommendation 3.1**

***It is recommended that the organizational structure of the national trade/transport facilitation coordination mechanism be adapted from the structures shown in Figures 6.1 or 6.2.***

Comment:

Under Recommendation 3.1, two generic organizational structures are recommended for adaptation by countries according to national conditions, including in particular the political regime, institutional system, cultural background and existing mechanisms. The two recommended options provide a complete structure of national trade/transport facilitation coordination mechanisms. A particular country could select specific elements of the recommended structures in determining the form of the national mechanism.

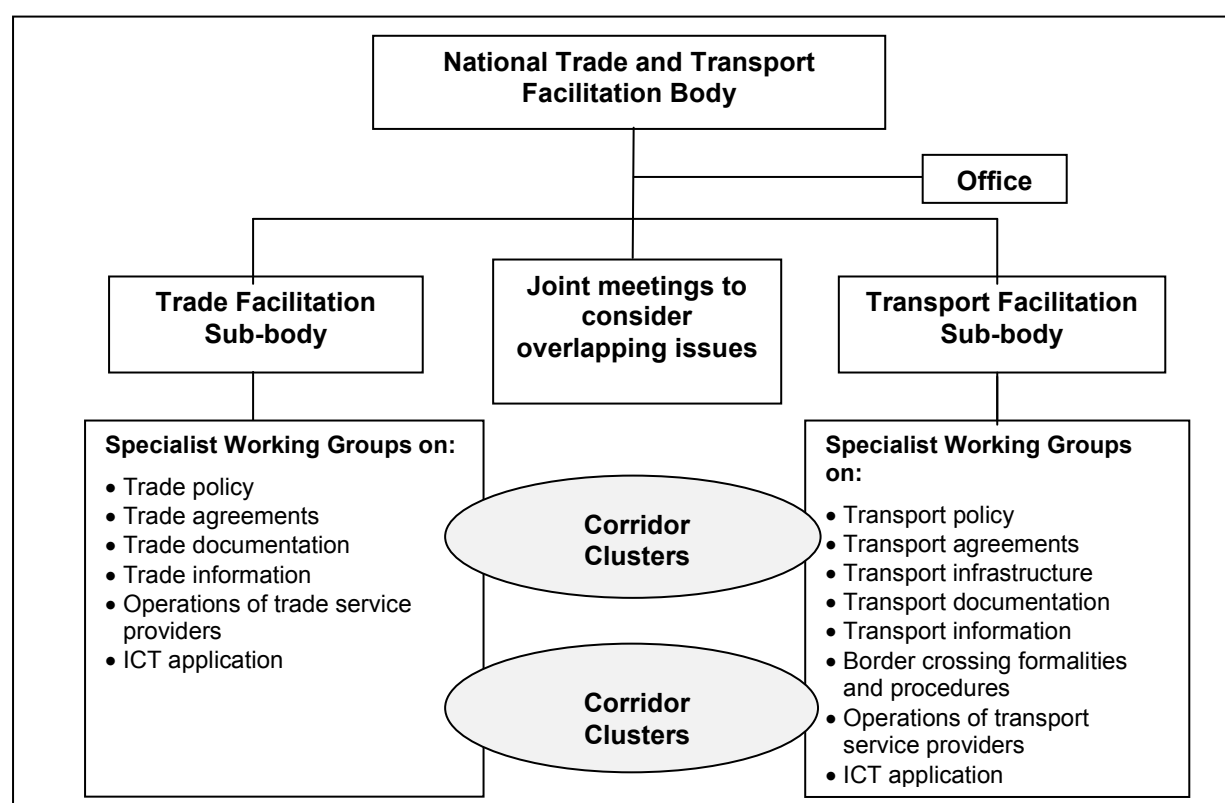
Where some facilitation bodies exist in a country there could be a need to realign such bodies so that they are incorporated into the National Coordination Mechanism.

The specific name of a facilitation body in a country can be determined in accordance with its national practice and government's requirements. Some names, such as National Facilitation Board, Council, Commission or Committee, are popularly used in many parts of the world. Nevertheless, the names should reflect the regulatory and advisory capacity of the bodies.

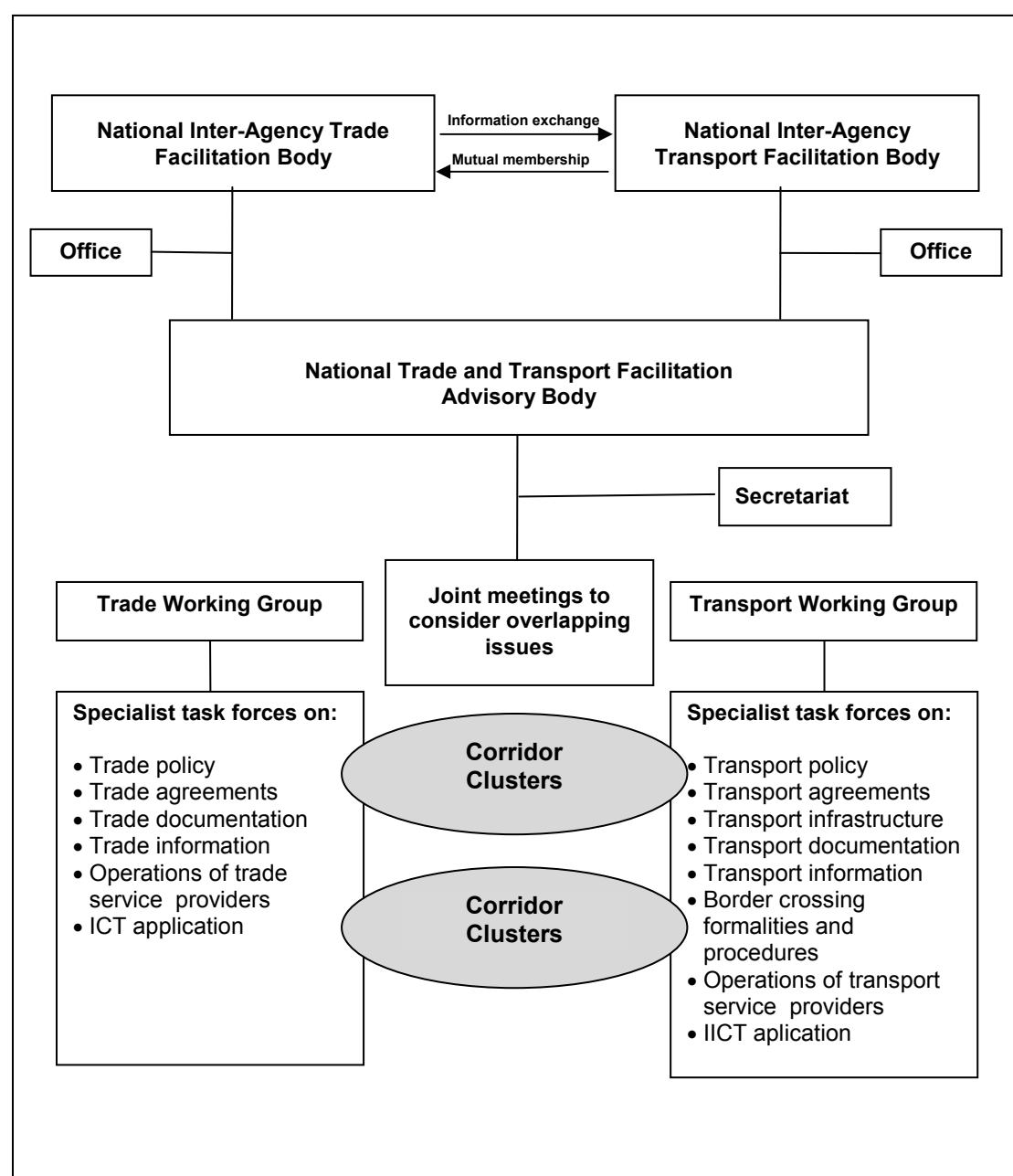
If Option 1 is adopted, the joint trade and transport facilitation body may take a more advisory and coordination role. It can take the form of a public and private partnership. The body can be supported by two sub-bodies dealing exclusively with issues in trade and transport respectively.

If Option 2 is adopted, the inter-agency facilitation bodies would be substantive government organizations for coordination and cooperation among various government organizations involved in the management of international trade and transport. The two bodies would take a more regulatory role. They can be supported by an advisory body with broad participation of all public and private stakeholders involved in international trade and transport.

**Figure 6.1: Recommended organizational structure (Option 1)**



**Figure 6.2: Recommended organizational structure (Option 2)**



The main advantage of Option 1 is that it can easily join the efforts of trade and transport sectors and avoid possible duplication or conflict in taking facilitation measures. The main advantages of Option 2 are to easily take substantive responsibilities and take concrete facilitation actions.

The offices of national facilitation bodies can be set up within the ministries which chair the bodies. The secretariat of the national trade and transport facilitation advisory body can be established in a separate office, functioning independently of those of the government agencies.

The recommended organizational structures are based on the existing priority tasks for trade and transport facilitation in the UNESCAP region, the operations of

government agencies in most regional member countries, and the experience of existing facilitation bodies in countries. It stresses the cooperation and coordination among relevant government agencies in two focus areas, which have many specific issues as shown in Figure 1.1. Meanwhile, it also stresses the cooperation between trade and transport. This recommendation is intended to increase ownership and motivation of main government agencies for effective and efficient actions towards trade and transport facilitation.

This recommendation also recognizes the requirements of establishment of national trade/transport facilitation mechanisms under the frameworks of subregional agreements. Finally, it recognizes the mechanisms set up in some countries with assistance of international organizations and financing institutions. Therefore, the recommended structures are designed to encourage all international, regional and subregional organizations to cooperate in the promotion of trade and transport facilitation coordination mechanisms.

(ii) Membership Composition

**Recommendation 3.2**

***It is recommended that the membership of the coordination mechanism comprise representatives of all organizations involved in international trade and transport. These organizations could include (but not necessarily be restricted to):***

- ***Trade regulatory authority (most often, ministry of commerce or trade);***
- ***Transport regulatory authority (most often, ministries of transport);***
- ***Other government regulatory or planning authorities (e.g. ministry of finance, ministry of planning, ministry of interior, ministry of defence, ministry of agriculture, ministry of health, ministry of industry, ministry for ICT, customs authority, immigration authority, border guards, traffic police, transport management authority, authorities for quarantine/product quality control, central bank);***
- ***Business sector (chamber of commerce, transport association, trading banks, association of insurance companies, association of Customs agents, association of freight forwarders).***

**Comment:**

It is important to include all major government agencies and selected representatives of business sector in the facilitation coordination mechanism. Exclusion of certain parties with crucial authority in some elements of trade/transport facilitation and a high level of specialized expertise would constrain the ability of the mechanisms to find, propose and implement effective solutions to all major border crossing problems. On the other hand, an oversized body may not easily make a decision.

The number typically comprising facilitation bodies already functioning in the UNESCAP region (is 20-30 members), and would certainly create problems for the efficient working of the body. Nevertheless, it is one of the key recommendations of this study that the functions of national facilitation body be expanded to include the monitoring of the operational performance of government regulatory agencies and trade and transport service providers at individual border crossings. It is suggested

that the additional workload which would be imposed by this requirement could be accommodated by assigning extra staff from member organizations to assist the activities of the task forces in each sector.

Every effort should be made to tap the expertise available in the stake holder development clusters proposed by UNCTAD and ESCAP (piloted successfully on the Vientiane/Bangkok transport corridor) for the membership of facilitation committees or their associated task forces. A great deal of specialized knowledge on trade and transport flows and operations in individual transit corridors is available within the cluster bodies and this could prove to be of substantial value to the work of committees.

Facilitation bodies should be owned by all the member organizations, institutions and agencies. The joint ownership of facilitation bodies needs to be embodied in all rules of the bodies and in the selection of members.

(iii) Direction and accountability

**Recommendation 3.3**

***It is recommended that national coordination mechanism be made accountable to officials at the high level of national government, be they Deputy Prime Minister or Minister. The mechanism would ideally be chaired by a Deputy Minister, Permanent Secretary, Secretary or other appropriate senior official of trade/commerce or transport.***

Comment

Direction and commitment at the highest level of government is essential to ensure effective coordination and cooperation between the different agencies and to convert proposals and recommendations into actions. The facilitation bodies also need support at the operational/working level. Considering the fact that officials at a ministerial level may not have adequate time to devote to facilitation bodies, alternative chairs of senior Government officials could conduct the regular meetings of the facilitation bodies with clear channel of communication and accountability to the ministerial level.

Chair of facilitation bodies can be elected among the members to reflect the joint ownership. However, it is a common practice of the existing facilitation mechanisms to elect appropriate senior officials from the ministries for trade/commerce, transport or Customs as chair. If the facilitation body is a joint organization of trade and transport, rotation of chairmanship between trade/commerce and transport is also commonly practiced. In case of joint trade and transport facilitation body with sub-bodies, ideally vice chairs of the joint facilitation body can chair the sub-bodies.

(iv) Staffing

**Recommendation 3.4**

***Each body should staff its offices and secretariat with persons recruited through a competitive recruitment process and with experience in the fields of trade/transport regulation, exporting or importing, transport operation, or trade service provision. Alternatively, existing staff in the office of the chairing organization of the body can provide services to the body.***

Comment:

The offices and secretariat of the facilitation bodies would be responsible for managing the work and meeting programmes of the inter-agency bodies, advisory body, working groups and task forces. The offices and secretariat could be managed by an executive secretary who would be supported by a number of technical and general service staff, the number of these staff being determined by the scale of the work programme and the level of available funding support.

(v) Meeting frequency

**Recommendation 3.5**

***It is recommended that the joint facilitation body or inter-agency bodies and advisory body meet quarterly. Additional special meetings should be convened if necessary. The working groups may meet monthly. The task forces meet on an “as required” basis determined by the specific requests of their working groups.***

**Recommendation 4:            Functions**

***The main functions of national trade/transport facilitation coordination mechanisms should include, but not necessarily be limited to, the following:***

- (a) To continuously monitor and assess the quantity flows of trade and transport across national borders;***
- (b) To identify bottlenecks in the entire process of international trade and transport (using the UNESCAP Trade Facilitation Framework and Time/Cost-Distance Model, as appropriate)***
- (c) To review and assess the adequacy of international trade and transport-related infrastructure (including seaports, airports, roads, railways, river ports and inland cargo storage facilities), and propose investment projects, as necessary;***
- (d) To study and propose measures for improving the operational performance of international trade and transport;***
- (e) To coordinate to establish harmonized documentation and procedures for international trade and transport;***
- (f) To identify, propose and follow through changes to border control procedures and documentation needed to improve trade/transport efficiency and reduce costs;***
- (g) To coordinate and cooperate for implementation of Single Window clearances and Single Stop inspections at border crossings;***
- (h) To promote the application of information and communication technology to documentation and procedures in the management of international trade and transport operations;***
- (i) To coordinate the national positions in negotiation of agreements on international trade and transport with multi-sectoral nature;***

- (j) To identify, propose and follow through changes in trade and/or transport policies and in the bilateral or multilateral agreements through which these policies are enforced, when such changes are required to improve trade/transport performance;**
- (k) To coordinate the implementation of agreements on international trade and transport with multi-sectoral nature;**
- (l) To review the international conventions relating to trade and transport facilitation and provide advice to national government on accession to the conventions;**
- (m) To monitor and coordinate the implementation of the acceded international conventions relating to trade and transport facilitation;**
- (n) To monitor the dissemination of information to the trading and transport communities on changes or revisions to border control procedures and documentation;**
- (o) To organize workshops and seminars on facilitation of international trade and transport; and**
- (p) To serve as national focal points for international facilitation programmes and assistance.**

**Comment:**

The main functions of the national trade and transport facilitation coordination mechanisms should focus on measures to improve the operational performance in the process of international trade and transport. While facilitation coordination mechanisms will also have an obligation to ensure that the right policies and agreements are in place in order to encourage increased international trade, the level of trade through individual border checkpoints will depend to a large extent on the operational performance at these checkpoints of all of the partners in the trading process.

The recommended functions take into account the existing institutional arrangements on various controls in the countries and their capacity to deal with issues within the scope of their work. Meanwhile, they also take into consideration the substantive activities required to deal with many cross-cutting issues in facilitation of international trade and transport, which can be addressed through inter-agency cooperation and coordination. Effective and efficient solutions to the cross-cutting issues can be an important area for the facilitation mechanisms to succeed.

If national facilitation coordination mechanisms function effectively, it will become clear that they will have more than sufficient activities to fill their work programmes for many years into the future. For example, it has been the recent experience of the National Transport Committee of the Lao PDR that it has been called upon to provide advice to the Government on accession to some 11 international conventions relating to international transport. Provision of this advice has included the translation of all conventions into the Lao language and the interpretation of the articles of these conventions, requiring a commitment extending over several years. As national committees are established and begin to demonstrate expertise in areas such as the drafting and interpretation of border regulations and bilateral trade and transport agreements, and the provision of advice on accession to international treaties and conventions, it is likely that their services will be much in demand by their governments.



**Recommendation 5:            *Work programme***

***It is recommended that each facilitation body have a detailed annual work programme setting out the objectives, expected outputs and schedule of its major activities.***

**Comment:**

The effectiveness of the facilitation bodies in removing the obstacles to international trade and transport will be reflected in the improvement of border-crossing performance and the reduction of trade transaction costs. Each body should be prepared to review critically its own performance in relation to the implementation of initiatives recommended as part of its work programme. Wherever possible, specific performance standards should be established for each of the member organizations and actual performance measured against these standards.

**Recommendation 6:            *Financing sources***

***It is recommended that the public and private sector resources be mobilized to finance the operations and activities of the national coordination mechanisms.***

***It is further recommended that international assistance be sought to finance initial operation and some subsequent activities of the national coordination mechanisms.***

**Comment:**

Access to secure sources of funding will be necessary in order to guarantee the sustainability of the facilitation coordination mechanism and its work programmes. It is clear that the most often used sources for the funding of facilitation bodies are government regular budgets and direct contributions from private sector members. If such funding sources are not of themselves sufficient to permit the long term survival of these bodies, it will be necessary to tap new sources of funding, such as international assistance.

**Recommendation 7:            *Coordination with other national trade and transport facilitation coordination mechanisms of the region/sub-region or along specific transport corridors***

**Recommendation 7.1**

***In order to ensure the smooth movement of goods and people and the harmonization and standardization of border crossing documentation and procedures between the countries, it is recommended that national bodies establish permanent links and a schedule of meetings with their counterpart bodies in other countries, within the subregion or along specific transport corridors.***

### **Recommendation 7.2**

***Where sub-regional facilitation mechanisms are in place, it is recommended that these mechanisms be used as forums for the exchange of information and experience in relation to trade and transport facilitation, and also as a means of achieving the harmonization of documentation and procedures.***

### **Recommendation 7.3**

***It is recommended that a regional forum on trade and transport facilitation be established to provide an opportunity for the national facilitation bodies to meet and exchange information and experience and exploration of opportunity of international assistance. The forum may meet every two years. These meetings will involve the participation of all national trade/transport facilitation bodies from the region, all international, regional and subregional organizations and international financial institutions as well as selected countries outside the region with expertise in the field of trade and transport facilitation.***

### **Recommendations 8:        *Strengthening of national trade and transport coordination mechanisms***

***It is recommended that the member countries prepare national action plans to enhance the existing national trade and transport coordination mechanisms in accordance with the recommendations of the study.***