

**Sixth Inter-Agency meeting on Trade Facilitation  
Geneva, 21 October, 2004**

Summary Report

As agreed at the Fifth Inter-Agency meeting on Trade Facilitation, (Geneva, 14 May, 2004) the Sixth meeting was convened by UNIDO on 21 October, 2004 and followed the following agenda:

Item 1: Adoption of the agenda.

Item 2: Report of the work accomplished in the area of trade facilitation by the agencies since the fifth meeting.

- a. Update on projects
- b. Cooperation amongst agencies

Item 3: Proposed Research Projects and Potential Funding Sources.

Item 4: Briefing on OECD's "Interim Report on the Costs of Trade Facilitation measures".

Item 5: Update on the Global Facilitation Partnership by the World Bank.

Item 6: Brief by the WTO on the Trade Facilitation component of the 31<sup>st</sup> July package adopted at the WTO.

Item 7: Any other business.

The meeting was attended by representatives of the following agencies: The United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO), The Economic Commission for Europe (UNECE), the Organization for Economic Cooperation and Development (OECD), the World Bank (WB), The International Monetary Fund (IMF), the World Customs Organization (WCO), the United Nations Economic & Social Commission for Western Asian (ESCWA) and The United Nations Industrial Development Organization (UNIDO) As observers, representatives of the European Commission (EC) were also present (see list of participants attached).

**Item 1 of the agenda:** Adoption of the agenda

The agenda was adopted.

**Item 2 of the agenda:** Report of the work accomplished in the area of trade facilitation by the agencies since the fifth meeting

**UNIDO** reported on the progress of implementation of the WTO-UNIDO Memorandum of Understanding on Technical Cooperation. During the reporting period, UNIDO organized kick-off seminars in Armenia, Egypt, Ghana, Jordan, Kenya and Mauritania. On 19 July 2004, the Director-General of UNIDO and the

WTO Deputy Director-General, Dr. Rana jointly made positive assessment on the implementation of the WTO-UNIDO Memorandum of Understanding on technical cooperation. At this joint meeting, UNIDO announced the development of a Trade Capacity Building Metrics to assess the costs related to standards and conformity assessment in developing countries and the preparatory work has been initiated. UNIDO requested the participants of the meeting to join in this effort and proposed a seminar on Trade Capacity Building Metrics in Vienna,

UNIDO's continuous input to GFPTT website was reported and it was noted that the GFP MoU is still waiting for clearance from the UNIDO's competent authorities. Standards and Trade Development Facility (STDF) Forum, which was held in Paris on 10 September 2004, paved the way for the involvement of UNIDO in the area of SPS and, subsequently joint WTO-UNIDO SPS seminar was organized in Maldives, September 2004. As a component of the trade capacity building programme in the SAARC Region, training programmes on Good Hygiene Practices (GHP) and Good Manufacturing Practices (GMP) were held in Bhutan, Bangladesh and Maldives. In addition, the HACCP Auditors Training programme has been planned in Bhutan and Maldives.

The expansion of the UEMOA/UNIDO/EU Quality Programme to cover activities for improving quality of cotton and textile in the UEMOA region and the National Quality Award in 7 countries of the UEMOA were also reported. UNIDO's participation in Trade Policy Clinics in Angola as well as the SWEDAC's accreditation of the Industrial Metrology Laboratory of Sri Lanka was also part of the UNIDO's achievements within the reporting period. UNIDO's e-learning project on Standardization and TBT matters with ISO and the web-enabled Roadmap to Quality training package were also brought to the attention of the participants of the meeting. Finally, UNIDO commenced the implementation of the Trade Capacity Building programme in Pakistan and Afghanistan.

**WCO** reported on the status of the Revised Kyoto Convention informing the meeting that they now have 36 out of a required 40 signatories. They indicated that Cyprus is well on the way to depositing its instrument of accession and the other 3 remaining signatories should be ready by the end of 2004. Taking into account the three-month "cooling" period, the Revised Convention should formally enter into force around the end of March 2005.

WCO continued to promote the Revised Kyoto Convention and organized two regional seminars in Uzbekistan and the Philippines with the participation of more than 30 countries and the local representatives of the WB, EBRD, ADB and UNDP.

The Task Force on Security and Facilitation of Supply Chain completed its mandates. A high-level strategic group with the Heads of Customs will make policy recommendations on Security and Facilitation on international supply chain to the WCO Policy Commission in December 2004. June Council adopted the Integrated Supply Chain Management Guidelines and the Mutual Administrative Assistance Convention was acceded by only 7 countries.

The WCO Regional Capacity Building Office was set up in Bangkok in October 2004.

A WCO e-learning programme, containing a number of modules. Customs Controls module and Customs Valuation module are now available on their website to members and various actors in international trade. Transplant of the software including slight modification in accordance with the local environment is charged and the WCO attracted lending agencies attention in this regard.

WCO also reported the following future events: Administrative Committee on UN Customs Convention on Containers, November 2004; WCO IT Conference and Exhibition, April 2005 and the World Customs Exhibition and Forum on Security, May 2005.

**OECD** reported briefly on the study “The costs of introducing and implementing trade facilitation measures: interim report” As this was an agenda item for later in the meeting this was not discussed any further other than to say that a copy was made available for all participants, cautioning however that the document was still under embargo for 2 more weeks. It was indicated that OECD is keen to expand the scope of the study and collect further information for modelling the data, including the collection of data in relation with information technology and its applications and automation.

An OECD Regional Conference addressing concerns of Southern African countries was held and included a half-day session on Trade Facilitation. The OECD reported that this attracted considerable attention and generated demands for further cooperation from countries such as Lesotho, Mozambique, Tanzania and Uganda. OECD stressed that they do not have the resources and capacity to face all these demands and would be seeking cooperation from other agencies.

**UNCTAD** reported first on preparations for an Expert Meeting on Transit Issues for landlocked and transit countries to be held on 24-26 November 2004 in Geneva.

In terms of technical assistance activities UNCTAD reported that they are working on generic technical assistance activities (development of methodology, needs and priorities assessment and strengthening trade facilitation platform) as well as country based technical assistance.

Country based projects are in Pakistan and Afghanistan. The project for Pakistan, financed by the WB, is a pure technical assistance project, which has been extended for one more year to August 2005. As there is a problem of sustainability of the project, the Government of Pakistan has agreed to fund it for the next 3 years.

UNCTAD’s project in Afghanistan, “Emergency Customs Modernization and Trade Facilitaiton Project” (in association with the WB) is still ongoing with one of its aims to formalise revenue protection (ASYCUDA). The Government of Afghanistan have received a loan of US \$ 31million from the WB and have given the responsibility of the execution of this loan to UNOPs, who have given some of the loan to UNCTAD for this project. Actually UNCTAD experts are already in Afghanistan.

UNCTAD is working on the development of methodology to identify priorities of developing countries in trade facilitation (pursuant to para. 24 of the Doha

Declaration). UNCTAD continue their work in the development of Trade Facilitation Platforms and have just begun a large project on Transit Corridor Analysis.

**IMF** thanked participants for the opportunity to officially attend the inter-agency meeting for the first time.

The IMF representative advised participants that the Fiscal Affairs Department provides technical assistance in revenue administration (both tax and customs) at the request of IMF member countries. In some instances the requesting member may have a program with the IMF which has conditionalities related to revenue administration improvements, whereas in other cases the member may seek assistance for a revenue improvement program undertaken at its own initiative. The Fund's technical assistance for customs administrations is particularly relevant to the Trade Facilitation activities undertaken by a number of the agencies represented at this meeting, and also to the future outcomes of the trade negotiations that the WTO General Council has now agreed to commence. As one of the agencies asked by the WTO to collaborate in this regard, the Fund is interested in understanding more about the Trade Facilitation agenda, in order to consider how best it may contribute most effectively to those developments.

**The WB** highlighted the fact that they continue moving ahead supporting the progress on Doha Development Agenda, giving assistance to customs reform, transport security, customs transit, etc. However, landlocked countries problems related to goods transit are the most significant obstacles for development. They are looking at ways of developing regional projects, for this purpose they released in September a Legal Review of Laws/Agreements in Sub-Saharan Africa related to trade facilitation. Very few of the laws/agreements are in fact implemented. It was noted that regional projects have lower level of governance compared to the national projects governance scheme.

The Regional Meeting in Addis Ababa agreed to form a Transport Corridor Committee and called for the implementation of good corridor practices. The WB is considering an African Regional Corridor Project in 2005.

The WB reported that from 1996-2004 they funded US \$ 650 million in trade facilitation related activities. US \$ 670 million is pipelined for next year with the aim of serving half of their client countries with trade facilitation.

The WB are looking at reasons why TF projects fail, for this purpose they are in the process of publishing a booklet on “Customs Modernization Initiative” with 8 case studies. End of this year, a “Customs Modernization Handbook” will be officially published. The WB is working jointly with other partners to summarise both the initiative and the handbook. The WB is looking at further ways to support trade facilitation in collaboration with partners from around the world.

**UNECE** On security and facilitation, UNECE indicated international security management standards were reviewed and an international Forum on Trade Facilitation and Security was convened in Geneva in May 2005. It also conducted Trade Facilitation Capacity Building workshop in October in Geneva, targeting the PRO organizations.

The UNECE will hold an awareness raising session on Trade Facilitation in Russia on 22-23 November 2004.

UNECE in cooperation with ITC is developing export promotion tools as well as a checklist on French for TF and it is expected to be ready by November 2004. It is meant to be as tool to identify broad issues related to TF.

**ESCWA** reported on the International Transport Network and road agreements, which came into force in the region that was modelled on European system. International road signs being put in place in Jordan being one example on the implementation of the agreement.

ESCWA also indicated the establishment of the National Trade and Transport Facilitation Committees in 5 countries. The representative stressed the importance of standards and conformity assessment related technical assistance in the region.

**WTO** The WTO briefed about the recent negotiating mandate Members had adopted in July, analysing its main elements and pointing at possible implications for future Trade Facilitation work. Special emphasis was placed on potential room for inter-agency cooperation resulting from this new phase in WTO work, identifying the areas of needs assessment and cost analysis as most likely candidates for requests by Member governments for contributions from other international partners

**Item 3 of the agenda:** Proposed Research Projects and Potential Funding Sources.

Future projects and funding sources were mentioned through out the course of the meeting, with no specific time available to discuss as a single agenda item.

**Item 4 of the agenda:** Briefing on OECD's "Interim Report on the Costs of Trade Facilitation measures".

The OECD representative reported on "The costs of introducing and implementing trade facilitation measures: Interim report" which was made in support of the WCO. A copy of which was made available to all (under embargo two more weeks).

OECD highlighted limitations seen if only looking at monetary costs, but also stressed how difficult it is to achieve quantitative figures on costs. Questionnaire was the main instrument to collect data from a range of countries on trade facilitation cost.

Next steps: OECD delegates requested that the work be expanded in scope and geographically, for the moment Asia is completely overlooked and a wider range of LDCs need to be covered. OECD were requested also to look at the cost of transit related work, here the OECD would like to request the assistance of other agencies to look into the cost of transit measures.

The final document should be ready by the end of 2005. The WB expressed their interest in sharing their observations with the OECD.

The EC was of the opinion that while talking about costs the benefits should also be assessed simultaneously. The EC delegate indicated that IT come at the end of chain

and it is not absolutely necessary to introduce high technology at the beginning of the TF process.

**Item 5 of the agenda:** Update on the Global Facilitation Partnership by the World Bank.

WB representative reported on the expansion of the GFPTT and the intention to establish the GFP Trust Fund was fielded on the table. Subsequently, the afternoon session on GFP Trust Fund discussed the matter in detail and the minutes of this meeting from the WB would be forthcoming soon.

WB reported on the preparation of 3 case studies on transport security to gather practical data on cost of compliance of security environment. By 2005, they have plans to prepare 10 case studies on efficient security.

**Item 6 of the agenda:** Brief by the WTO on the Trade Facilitation component of the 31<sup>st</sup> July package adopted at the WTO.

The WTO representative gave a thorough and very well received presentation on the Trade Facilitation component of the 31<sup>st</sup> July package entitled “Modalities for WTO Negotiations on Trade Facilitation”. A copy of this presentation has been made available from WTO.

Discussion following the presentation considered when tools should be made available, before or after negotiations? Technical infrastructure related assistance has been referred as an importance feature of the July Package and the modalities set out in Annex D.

**Item 7 of the agenda:** Any other business.

It was proposed that UNCTAD convene the next Inter-Agency meeting in Geneva in about 6 months time. UNCTAD accepted and will revert with a suitable date nearer the time, preferably back-to-back with another meeting that participants will be attending.

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## Participants

### Sixth Inter-Agency meeting on Trade Facilitation Geneva, 21 October 2004

<b>Organization</b>	<b>Name</b>	<b>Tel. N°</b>	<b>E-mail</b>
<b>World Bank</b>	JUHEL, Marc	+1 202 4732392	mjuhel@worldbank.org
<b>World Bank</b>	MCLINDEN, Gerard	+ 1 202 4588106	gmclinden@worldbank.org
<b>IMF</b>	LUDLOW, Graeme	+ 1 202 6235485	gludlow@imf.org
<b>UNCTAD</b>	RUBIATO, Jose	+41 22 917 4431	Jose.rubiato@unctad.org
<b>UNCTAD</b>	ORTHLIEB, Maxence	+41 22 9072001	Maxence.orthlieb@unctad.org
<b>UNCTAD</b>	FAUST, Peter	+41 22 9172045	Peter.faust@unctad.org
<b>UNCTAD</b>	SITORUS, Bismak	+41 229172094	Bismak.sitorus@unctad.org
<b>UNCTAD</b>	RAUNIAR, Chinpai	+41 229172038	Chinpai.rauniar@unctad.org
<b>European Commission</b>	GRAMINSKY, Joachim	+41 229182238	Joachim.graminsky@cec.eu.int
<b>European Commission</b>	CLARIDGE, Jonathon	+32 2 2962058	Jonathon.claridge@cec.eu.int
<b>World Customs Organization</b>	MIKURIYA, Kunio	+32 2 2099353	Kunio.mikuriya@wcoomd.org
<b>World Customs Organization</b>	MATSUDAIRA, Toni	+32 2 2099353	Tadatsuga.matsudara@wcoomd.org
<b>OECD</b>	EVDOKIA, Moise	+33 1 45248909	Evodkia.moise@oecd.org
<b>UNECE</b>	KUBLER, Jean	+41 22 9178356	Jean.kubler@unece.org
<b>WTO</b>	EGLIN, Richard	+41 22 7395148	Richard.eglin@wto.org
<b>WTO</b>	NEUFELD, Nora	+41 22 7395932	Nora.neufeld@wto.org
<b>ESCWA</b>	RASMUSSEN, Niels	+96 11 978356	rasmussenn@un.org
<b>UNIDO</b>	DI LISCIA, Alberto	+41 22 9173364	Adiliscia@unido.org
<b>UNIDO</b>	PADICKAKUDI, Ouseph	+43 1 260263693	o.padickakudi@unido.org