

# The role of the National Trade Facilitation Committees in the global economic recovery following COVID-19

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The COVID-19 pandemic is a calamity for global trade. UNCTAD [forecasts](#) (/en/PublicationsLibrary/ditcmisc2020d2\_en.pdf) that merchandise trade will fall by 20% in 2020 and by 27% during the second quarter of 2020. During this outbreak, an increasing number of obstacles including trade restrictions, lack of coordination between national border authorities, between countries and with logistics and transport operators led to a major slowdown in trade flows.

In this context, trade facilitation (i.e. expediting the clearance of goods to reduce time and cost of import, export and transit procedures) proved crucial to ensure trade of essential goods.

National Trade Facilitation Committees (NTFCs) are multi-stakeholder coordination bodies established in most countries to advance trade facilitation and logistics policy reforms.



Although NTFCs existed in many countries prior to 2017, the [WTO Trade Facilitation Agreement \(TFA\)](#) (<https://www.tfafacility.org/>) made them mandatory, recognizing the importance of close coordination between Government entities and the business community to facilitate cross-border trade.

This article presents some of the challenges faced by the NTFCs during pandemic times. It is based on continuous contacts with NTFCs from developing countries and the Least Developed Countries, as part of UNCTAD's close monitoring of the COVID-19 crisis to keep abreast of emerging needs from our member States. It is also based on emergency technical assistance programs implemented by UNCTAD to respond to

these emerging needs. On this basis, this article shares lessons learned and recommendations to enhance the contribution of NTFCs during the recovery and to enhance their resilience in case of future crises.

### Challenges faced by NTFCs during the COVID-19 crisis

NTFCs faced several challenges that impeded them from being more proactive in addressing challenges occurring at borders during the COVID-19 crisis, for instance:

- *Lack of connectivity:* Access to the internet and technology proved very difficult for stakeholders, particularly for those teleworking in developing countries. The absence of common IT platforms enabling communication among NTFCs members made coordination of emergency initiatives and monitoring of implementation of trade facilitation reforms very challenging. As a result, very few coordination activities of the NTFCs were organized during the crisis.
- *Absence of a national database of focal points at borders:* The highest proportion of requests received by NTFCs during the crisis came from the business sector, seeking to obtain contact details of relevant border authorities or other regulatory agencies working at the border in order to solve specific problems. In fact, the lack of this type of information accentuated the crisis, highlighting the importance of having in place robust online information systems about cross-border trade procedures, such as trade information portals.
- *Lack of involvement of NTFCs in national COVID Emergency Task Forces:* NTFCs are often unknown players within the domestic institutional architecture because of their recent creation. In addition, national emergency task forces have been largely led by the Health and Transport Ministries, being at the forefront of the crisis. In contrast, NTFCs are usually hosted in Ministries of Trade, which have been more involved in the development of economic recovery strategies. As a result, NTFCs have not been actively involved in the coordination and decision-making processes related to the management of the crisis.
- *Emergency issues are dealt with at the political level:* The NTFCs are technical committees that usually get their decisions approved at the higher political level. During the crisis, the blockages occurring at borders were managed mainly at the political level, for instance through bilateral cooperation or under the auspices of Regional Economic Communities (RECs). The NTFCs seem to have limited involvement in these processes to solve disruptions at borders.
- *Absence of new regulatory guidelines about teleworking, online meetings and messaging:* The COVID-19 crisis has de facto established new channels of communication. In some NTFCs, this has created uncertainty with respect to approval of decisions and delegation of authority. In some NTFCs, the lag in adapting procedures and regulations to teleworking and IT communication tools has affected decision-making processes, impeding coordination and access to information.

### **How is UNCTAD empowering NTFCs and supporting their digitalization?**

In view of the above, UNCTAD, in partnership with RECs and our donors, among them TradeMark East Africa, the European Union, the African Development Bank, Australia, New Zealand, and the UK Government, implemented several initiatives to enhance and adapt the functioning of NTFCs and overcome the obstacles mentioned above.

- *Delivery of comprehensive online trainings to NTFCs.* NTFCs are often in need of additional skills and knowledge to build a common understanding of their roles and responsibilities. This was especially relevant during the Covid-19 crisis, when UNCTAD's comprehensive capacity building for NTFCs via on-line training, empowered participants as Agents of Change in their respective positions to facilitate trade processes. As an example, [during the COVID-19 crisis, 127 members of NTFCs from the East African Community completed such Online Training \(/en/pages/newsdetails.aspx?OriginalVersionID=2411\)](#).
- *Update of Trade Information Portals.* These [on-line web-based portals \(https://businessfacilitation.org/countries/\)](#) are one-stop information resource hubs providing step-by-step guidance on import, export and transit procedures for cross-border trade. The portals are the perfect medium to disseminate emergency and crisis information to all stakeholders involved in cross-border trade. During the COVID-19 crisis, portals implemented with the technical assistance of UNCTAD in East Africa and the Pacific region were updated with the latest emergency guidelines and regulations to inform stakeholders of new protocols put in place when crossing borders.
- *Automation of customs systems (ASYCUDA):* UNCTAD provides technical assistance to Customs authorities allowing for better Customs management through automation of processes and procedures. Given that trade facilitation reforms are closely related to improving customs processes, Customs agencies are key stakeholders within NTFCs. To assist them in better responding to the COVID-19 crisis, UNCTAD published a report on "[Adapting the use of ASYCUDA World to the COVID-19 Situation: Guidelines to Customs Administrations \(/en/PublicationsLibrary/dtlasycudainf2020d1\\_en.pdf\)](#)".
- *Empowering Transit Coordinators for action.* UNCTAD launched a training program for Transit Coordinators in 2018 to strengthen their capacity to "further expedite the movement, release and clearance of goods of goods in transit", as outlined in the WTO TFA. During the crisis, UNCTAD encouraged the network of transit coordinators to ensure coordination and communication between the traders and government agencies at bilateral and regional levels. One of the lessons learned from the crisis is that the voluntary appointment of Transit Coordinators, as outlined in the WTO TFA, does not provide sufficient impetus to secure proper coordination and that WTO Members should consider making them mandatory in order to have the necessary impact.
- *Regular information and advisory sessions with the NTFCs.* The UNCTAD Trade Facilitation Team provides guidance and advisory services to NTFCs on a regular basis based on the [UNCTAD 10-point Action Plan \(/en/PublicationsLibrary/presspb2020d3\\_en.pdf\)](#) to strengthen international trade and transport facilitation in times of pandemic, published by the

UNCTAD Secretary General in April 2020. This support is made by phone calls, WhatsApp, or any IT tool accessible in the selected country.

- *Resources to assist countries in handling the crisis.* [UNCTAD has published several documents to assist countries in handling the crisis \(/en/Pages/coronavirus.aspx\)](#). These documents are shared and disseminated to our network of NTFCs.

### **Enhancing the capacity of NTFCs to contribute to recovery and making them more resilient to future crisis**

During the crisis, the lack of national and regional coordination resulted in challenges leading long-term repercussions on global supply chains and trade flows. Looking ahead to the post-COVID-19 global economic recovery, NTFCs are ideally suited to address these challenges due to their multi-stakeholder composition geared towards advancing trade facilitation policy reforms. From UNCTAD's experience, NTFCs are committed to contribute to response strategies adopted by their respective countries. To ensure that NTFCs can play an active role in the recovery process and are better prepared for possible future crisis, countries need to consider the following actions:

- *Increasing the visibility of NTFCs:* More political and media visibility for NTFCs is required. Although their role reducing the time and cost of trade procedures is an essential contribution towards improving the competitiveness of their countries and their nature is unique because they gather all stakeholders operating in trade facilitation and logistics, the general public often does not know about the NTFCs and their relevance in facilitating cross-border trade. The use of communication tools (public websites, media campaigns, social media etc.) could help increase their visibility.
- *Enhancing the coordination capacity of NTFCs:* The primary objective of the NTFC is coordinating trade facilitation reforms, be it at national, regional and continental levels. Two channels can significantly enhance their capacity achieve this objective:
  - *Technology:* very simple IT management tools can help NTFCs in coordinating implementation and monitoring progress of reforms. For instance, the implementation of Electronic Single Windows can bring together all government agencies to join efforts in facilitating trade. For example, The Rwanda Single Window, which was built upon the ASYCUDA system, brought together 17 government agencies and streamlined more than 12 specific services and applications, reducing clearance time from 11 days to one and a half day and generating 6 M USD savings in 2014, two years after its launch. Currently, UNCTAD is developing a new management solution for the NTFCs called the Reform Tracker which will be piloted in the next few weeks in East Africa based on the successful model of UNCTAD Trade Information Portals implemented in 8 countries so far.
  - *Proactive reform for crisis management:* NTFCs may need to reform their structures by setting up new working groups dedicated to crisis management, like Rwanda did, to increase the level of preparedness of the Committee. This working group would include Health Authorities, as well

as private sector, to create equitable interventions and discussions. The representativity of the private sector within the NTFCs is a crucial point, as it often needs to be strengthened to better respond to its concerns related to trade facilitation and logistics. Finally, better and more efficient coordination regarding trade facilitation can also be achieved streamlining structures to avoid overlapping mandates and repetition of work between different committees and Government departments, for example merging or dissolving existing committees.

- *Being part of multi-sectoral solutions:* NTFCs should be part of National Emergency Task forces to actively contribute to crisis responses together with the health, transport and trade authorities. NTFCs should emphasize the strategic importance of a coordinated approach to trade facilitation and logistics when contributing to multi-sectoral responses to crisis.
- *Improving linkages between domestic and regional trade facilitation policy reforms:* the NTFCs should be involved in the implementation of response plans adopted by their RECs, to accelerate recovery in a harmonized and coordinated manner.
- *Increasing political commitment to sustainable trade facilitation reforms:* After years of funding from development partners, now is the time for governments to allocate resources through their national budgets to enable NTFCs to respond to the challenges stemming from the COVID-19 crisis and to upgrade their responses in a sustainable way, for example investing in IT solutions.

## Conclusion

Trade remains a major source of growth for developing and Least Developed Countries. In the context of a global economic response to the pandemic, trade facilitation and logistics are the cornerstone of any strategy aiming at developing supply chain resilience and keeping regional value chains running.

In this context, NTFCs can play a key role in the path to recovery keeping trade facilitation stakeholders informed, undertaking swift coordination of trade facilitation reforms and supporting implementation of COVID-19 response and recovery plans. Empowering NTFCs to do this requires major decisions to ensure full capacity for instance reviewing their structure and providing them with technology, skills and financial resources in a sustainable manner.

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