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Proposal for a “Maintenance” update of Recommendation 4

Proposed by the “Consultation Approaches Project Team” and the ITPD members

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NATIONAL TRADE FACILITATION BODIES

RECOMMENDATION No. 4,

Introduction

Since the 1960s UN/CEFACT has constantly and consistently promoted and encouraged the facilitation of domestic and international trade procedures. The impetus to simplify, harmonise and standardise the processes in the supply chain came from the recognition of the rapid developments in trade, transport and communications technologies. By 1974 UN/CEFACT decided to formalise its advice and guidance by publishing Recommendation 4 – National Trade Facilitation Organs: Arrangements at the National Level to Co-ordinate Work on Facilitation of Trade Procedures (usually abbreviated to Trade Facilitation Bodies). The Recommendation encouraged the implementation of recommendations on facilitation of international trade procedures through setting up national organisations or committees, or by administrative or other suitable means.

The Recommendation was enhanced in March 2000 by the publication of Guidelines that provided detailed information about the purposes, membership, organisation, responsibilities and work programme of a National Trade and Transport Facilitation Committee (NTTFC). A year later the Recommendation was revised to reflect the trade environment and dynamic of its time.

In light of the World Trade Organization (WTO) agreement on Trade Facilitation as well as the proliferation of forms of consultation implemented to date, the International Trade Procedures of UN/CEFACT suggest the current update of the recommendation text and propose additional guidelines on consultation.

One time-proven method of conducting dialogue between Government and the trading community and identifying trade issues and priorities is the establishment of a National Trade and Transport Facilitation Committee.

Purpose and Scope

Governments and the trading community should adopt trade facilitation as an indispensable component of trade policy formation and should aim at the establishment of a national trade facilitation body embracing the views and opinions of all stakeholders in pursuing agreement, cooperation and collaboration in the development and implementation of simplified, harmonised and standardised measures.

The fundamental purpose of trade facilitation is to improve the trading process and related interchange of documents (information) whether domestic or international. To achieve this, trade facilitation measures aim to provide transparency of supply in the buying and selling of goods and services. The scope of trade facilitation can be broadly divided into three categories; simplification, harmonisation and standardisation.

Simplification is the process of eliminating all unnecessary elements and duplications in formalities, processes and procedures

Harmonization is the alignment of national formalities, procedures, operations and documents with international conventions, standards and practices.

Standardization in trade facilitation is the process of developing internationally agreed formats for practices and procedures, documents and information.

~~Simplification is the process of streamlining trade procedures by removing redundant requirements and activities, and reducing the cost and burdens in administering the trade transaction.~~

~~Harmonisation is the process of rationalising the information flows that accompany the movement of goods in the domestic marketplace, or in international transit especially at national borders.~~

~~Standardisation is the process of ensuring information requirements and individual data elements are unambiguous and uniform in both understanding and application. Many international organisations have developed standards concerning the description, definition, use and transfer of information related to international trade.~~

Benefits

Trade facilitation bodies and consultation will provide stakeholders the means to voice their viewpoints, clarify issues, and engage in meaningful dialogue.

Facilitation activities must be approached in a coordinated manner to ensure that problems are not created in one part of the transaction chain by introducing solutions to another part. The needs of all parties, both private and public sectors, must be identified before solutions can be found and those best placed to explain their needs are those directly involved in the transaction chain. This requires an effective forum where private sector managers, public-sector administrators and policy makers can work together towards the effective implementation of jointly-agreed facilitation measures.

International Standards

The importance of trade facilitation has been emphasised by the World Trade Organization Agreement on Trade Facilitation (ATF) concluded at the Ministerial Conference in Bali in December 2013. Based on Articles V, VIII and X of the General Agreement on Tariffs and Trade (GATT 1994) the Bali ATF places obligations on WTO Members to support and sustain initiatives and measures to improve international trade performance.

Within the range of measures required by the TFA, is a requirement for Member Nation governments to provide opportunities, and an appropriate time period to traders and other interested parties to comment on the proposed introduction or amendments of laws and regulations ... through regular consultation (Article 2) Also the Agreement requires Institutional Arrangements and has created a Committee on Trade Facilitation (Article 13.1). Further under these arrangements the Agreement requires Member Nations to establish and maintain a national committee on trade facilitation (Article 13.2).

Recommendation

The United Nations Centre for Trade Facilitation and Electronic Business at its XXth Plenary session in XX in Geneva recommends that Governments establish and support national trade facilitation bodies with balanced private and public sector participation in order:

1. To include trade facilitation as part of a national integrated strategy for trade policy, economic development and the creation of sustainable employment;
2. To identify issues affecting the cost and efficiency of their country's international trade and to develop measures to reduce such barriers and to assist in their implementation;
3. To develop measures to reduce the cost and improve the efficiency of international trade and to assist in the implementation of those measures;
4. To provide a national focal point for the collection and dissemination of information on best practices in international trade facilitation;

5. To participate in international efforts to improve trade facilitation and efficiency;
- ~~6. To establish and support a national Trade Facilitation body to ensure the consultation process is properly structured and sustainable and would achieve positive and constructive results; and~~
- ~~7. Recommend to governments and Trade to allocate sufficient expert and experienced resources to conduct an efficient and effective consultation process on trade facilitation issues and the implementation of simplification and modernisation measures.~~

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**CREATING AN EFFICIENT ENVIRONMENT
FOR TRADE AND TRANSPORT**

**GUIDELINES TO RECOMMENDATION NO. 4
NATIONAL TRADE FACILITATION BODIES**

This document has been prepared by the United Nations Conference on Trade and Development (UNCTAD) and endorsed by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) at its sixth session in March 2000. This document was further revised in July 2014. This document is reproduced in the form in which it was submitted to the secretariat.

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INTRODUCTION

The establishment of a national body to adopt and pursue the implementation of trade facilitation can take many forms. Experience has shown that for optimum success certain essential factors must be included in the organization, administrative arrangements and operation of the national body. Some of the prerequisites needed from the outset are:

- **Active** private and public sector participation;
- The identification of issues affecting the costs and efficiency of the country's international trading performance, and the setting of priorities for action on the issues;
- The collaborative development of measures to reduce the cost and improve the effectiveness of international trade transactions;
- The resources (both human and financial) to assist the implementation of the agreed measures;
- The provision of a national focal point for the collection and dissemination of information on best practices and standards in international trade facilitation; and
- The participation in international efforts to improve trade facilitation efficiency.

Trade Facilitation activities must be approached in a coordinated manner to ensure problems are not created in one part of the supply chain by the introduction of measures or solutions to another part. The needs of all parties, both the private and public sectors and third party interests, must be identified before solutions can be developed. The people best placed to explain their needs are those directly involved in the various, interlinking parts of the supply chain. This requires an efficient and effective forum where trade policy makers, private-sector managers, public-sector administrators and other stakeholders can collaborate towards the implementation of jointly-agreed facilitation tools and techniques and modernisation measures.

National trade facilitation bodies can and, in many instance do, provide this forum. Participants in such bodies should represent all industry sectors, all types and size of business, and institutions taking part in international trade **logistics and** transactions: manufacturers, importers, exporters, freight forwarders, carriers, banks, insurance companies. Equally from the Government and public administrations, each with a joint and separate interest in the facilitation of trade. It is only with the active involvement of these participants that impediments can be meaningfully analysed and cooperative solutions devised.

A. OVERVIEW

A.1. The effects of globalization and liberalization

1. The globalization of production and the liberalization of trade offer opportunities for all countries including developing countries and economies in transition to play a more active role in the world economy. **For over a decade now**, possibilities ~~now~~ exist for increased international trade to become an unprecedented engine of growth and an important mechanism for integrating all countries into the global economy.

2. **Despite efforts in past years, there is still at times a**~~The~~ lack of efficient and transparent trade-related services such as Customs, transportation, banking and insurance, telecommunications or business information. This deficiency can act as ~~is~~ a major impediment to the integration of developing countries and some economies in transition into international trade and poses a formidable risk of exclusion from, and challenge, to the emerging global economy.

A.2. Requirements of international trade

3. The international trade of any country is of primary importance to its national economy. It requires efficient door-to-door logistics chains, simple trade formalities, **official** procedures and **commercial**

practices~~operations~~, together with a trade-supporting ~~Customs~~-government administration. It implies an overall need for structural change to facilitate improvements in trade and transport practices, particularly in the use of modern technology and in the field of the procedures and operations of Customs and other government authorities and agencies.~~operations and procedures.~~

A.2.1. Efficient door-to-door logistics

4. To remain competitive, buyers and sellers must reduce the various transaction costs that are included in the sale price of ~~consumer~~-traded goods. To reduce or, where possible, eliminate such costs, it is essential to improve the quality of international transport and logistics of a country, adapt commercial practices to international standards and remove ~~all~~-unnecessary trade barriers.

5. The efficient operation of transport modes and interface facilities - resulting from reduced physical barriers and institutional interference and simplified ~~procedural~~ ~~legal~~-regimes - is a ~~necessary~~ precondition for effective improvement of international trade and transport operations. However, actions must focus not only on improving the physical features (~~the "hardware"~~) of the transport network, but - more importantly - on improving the performance of transport operators and auxiliary services, on changing the commercial behavior of users, and on introducing innovative relations ~~between~~-among public institutions and transport providers and users (~~the "software"~~) of international trade and transport.

A.2.2. Simple trade formalities, procedures and operations

6. Outdated procedures, as well as multiple, non-standardized documents, result in additional transaction costs and unnecessary delays to the movement of goods. ~~These additional costs have been estimated approximately to USD 75 Billion per year.~~ New practices, properly harnessing both modern transport links and information technology, can result not only in reducing those costs and delays, but also in creating new opportunities and new markets. The lack of coordination among the many parties to a trade transaction and of appropriate ~~and~~ ~~for~~-transparent ~~discussions~~ ~~consultations~~ between public and private sectors regarding the simplification of procedures, documentation and (excessive) regulations, inhibit exports and increase the costs of imports.

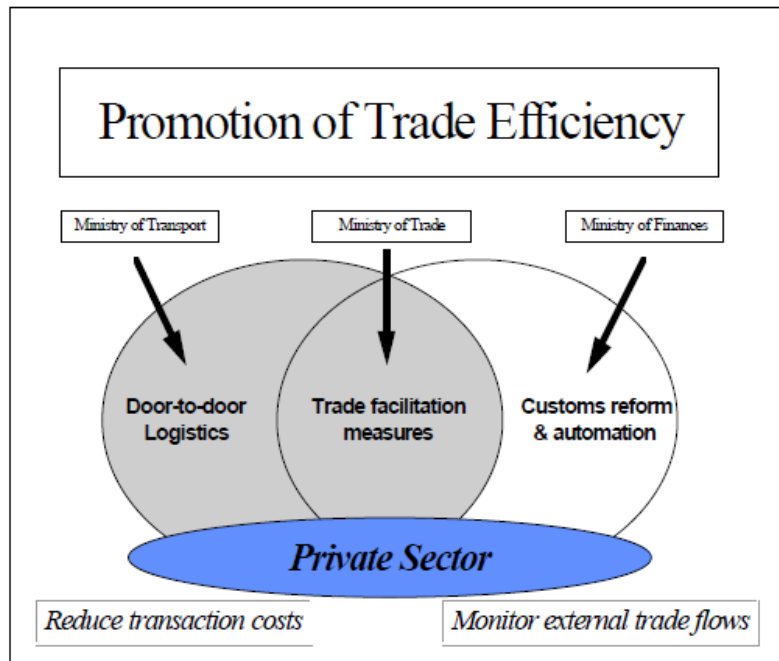
7. ~~Computerization~~-Digitalization can provide solutions to some procedural or documentary problems. However, ~~computerizing~~-digitalizing the activities of the various parties involved in the control or monitoring of external trade flows will only be beneficial if existing administrative and commercial practices are first reformed and modernized in a continuous process of development and improvement. ~~in depth.~~

A.2.3. Customs reform and automation

8. To minimize administrative costs to the business community and the national economy, Customs clearance must be improved through the introduction of the simplified procedures, the streamlining and harmonization of documents and ~~digitalization~~-~~computerization~~. ~~All applicable rules and regulations should be published on Internet, binding advanced rulings on classification and origin of goods should be provided.~~ In its performance, Customs should appear as a service provider to the traders, ~~i.e. supporting~~-providing support for international trade through efficient and speedy import and export clearance of goods, without jeopardizing the ~~correct~~ collection of revenue, fees and other charges. ~~interests of the Treasury.~~

Furthermore, goods should be controlled before and after the border crossing to avoid resources being focused at the border. Import documents can be sent in advance and the goods can be released before duty paid if sufficient guarantees have been made. Risk management systems should be in place to speed up the process at the border and focus inspection activities on identified items that are of high risk. [add reference to the WTO TFA as this is a copy-paste]

9. The following diagram depicts the three major areas for the **promotion of Trade Efficiency**. It also highlights the role of the public and private sectors in reducing transaction costs and monitoring external trade flows.



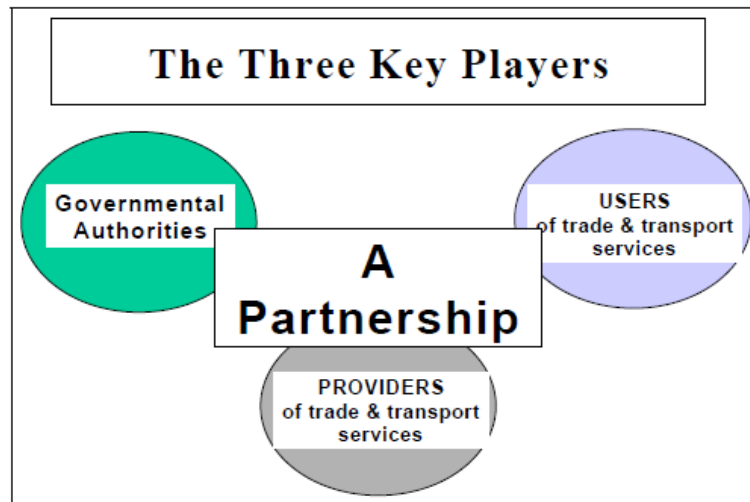
B. A NEW APPROACH TO TRADE EFFICIENCY

B.1 Need for a partnership...

10. From the above description, trade efficiency requires a series of actions and measures combining door-to-door logistics, trade facilitation, and Customs reform, *modernization* and automation. It covers not only the economic, commercial and operational aspects of the international trade transaction (including the movement of goods), but also other issues relating to the facilitation of transport (including the responsibility for goods while in transit).

11. The implementation of these actions and measures implies consideration of the interlinked roles of the three main players closely involved in the trade and transport sectors of the country, who - together- can *work towards trade facilitation* and develop *growth: partnership for growth:*

- the **Government** (e.g. Ministries of Transport, Trade, and Finance, including Customs, and related institutions), in designing and implementing national laws and regulations regarding trade and transport *and in a coordinated way by working together at the border of a country to streamline the border process;*
- the **Services Providers** (carriers, freight forwarders, multimodal transport operators, banking institutions, insurance companies, *software providers*, etc.), by offering market-oriented trade and transport solutions within the framework of national and international trade and transport practices, *obligations and laws;* and
- the **Traders, i.e. the transport users** (importers and exporters), who can benefit from such solutions in their international trade transactions.



B.2. to solve major national problems.

12. Many trade and transport problems are the result of institutional, intergovernmental and legal issues such as decentralized decision-making processes across various levels of government; complex, sometimes conflicting, responsibilities of different governmental units; and the difficulties in merging public goals with those of the private sector.

13. As an essential part of international trade is international transport. In many countries, Governments have no specific entity dealing with international transport issues. Often, different departments of ministries or even different ministries deal with specific but fragmented aspects (sea, air, road, rail) of such issues. International transport constitutes a kind of "no-man's land" where coordinated decisions are rendered difficult. In these cases as a result, there is very little awareness within public offices of the importance of national transport in the context of international trade. This situation limits the possibility of promoting new forms of transport (e.g. multimodal transport) which Governments could use to stimulate national demand and supply for modern transport services. The coordination of various planning authorities is essential to create awareness at the national level.

14. As far as international transport is concerned, there is often no coordination structure between private and public sectors. This is all the more disturbing because the public sector is completely national, and the private sector is partly comprised of international operators foreign. Working relations between public offices and administration, on the one hand, and private enterprises, on the other, may be marked by mistrust, if the services try to defend public interest; or by complicity, when they yield to entreaties. Any strategy for improvement of this situation might involve a profound change in the mind-set of both parties.

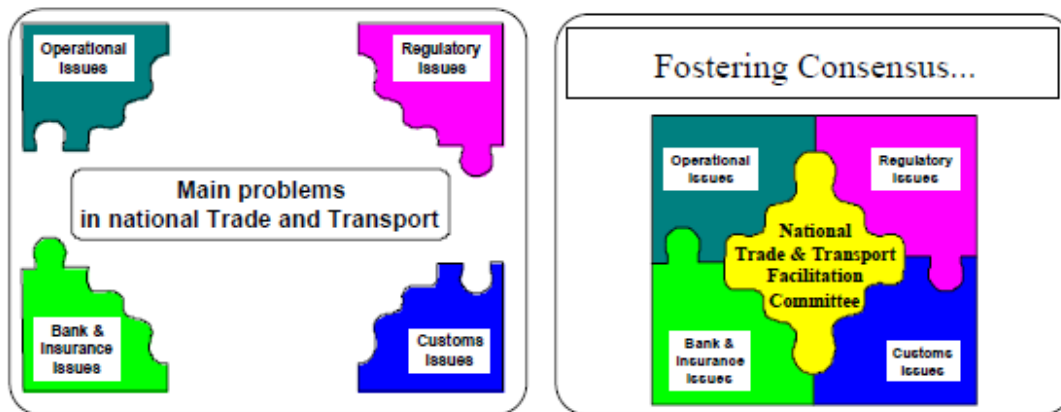
15. This implies not only changes of responsibilities among governmental units but also the establishment of new coordinating entities and new public-private partnerships in the operation of transport systems. This will facilitate the eradication of existing trade barriers and turn the developing countries and countries in transition into powerful, homogeneous environment supply-chain operators "export machines" where all links in the manufacturing and transport chain work not only in perfect harmony among individual concerned entities, but also in tune with a flexible regulatory machinery designed to support trade expansion.

16. To take account of all interests involved in the promotion of trade, it is essential to rationalize and coordinate the policies, be they related to trade, transport or fiscal measures, through a closer relationship between the three groups of players.

17. A proper consultation mechanism must be set up. This mechanism could serve as should become a key avenue for a national forum to propose, discuss, consult and reach search consensus between commercial parties and governmental authorities on facilitation measures to improve international trade and transport. As a result of a joint public and private initiative, this forum would aim at providing

a coordinated, coherent and harmonious environment to enhance the competitiveness and quality standards of a nation's **domestic and cross-border** trade and transportation system.

18. In this context, the private sector must not only be seen to play the leading role, it must be the **de facto** driving force.



C. THE NATIONAL TRADE AND TRANSPORT FACILITATION COMMITTEE (NTTFC)

19. As a proper consultation mechanism (mentioned in paragraph 17), governments are invited to consider the possibility of establishing National Trade and Transport Facilitation Committees, along the lines described hereafter, on the basis of the terms of reference included in Annex 1.

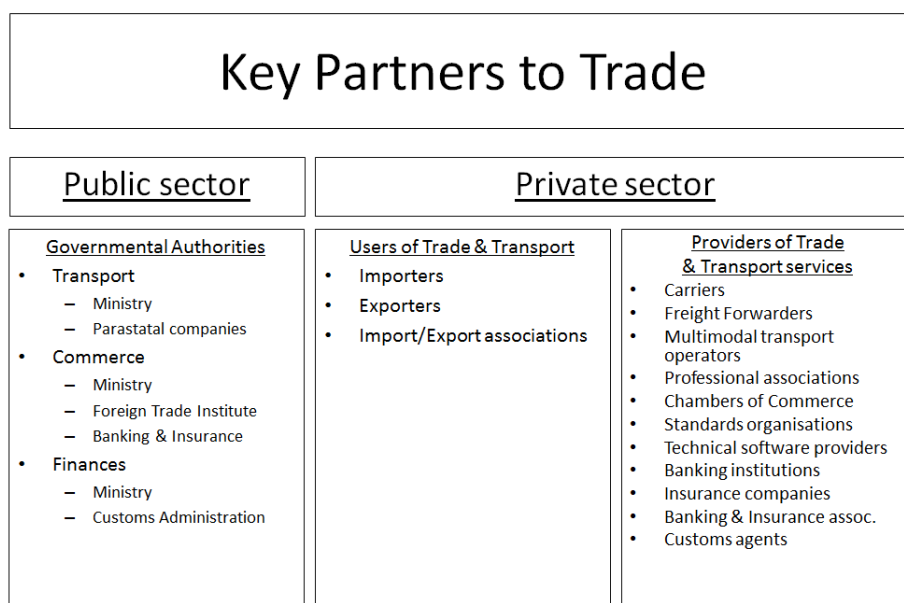
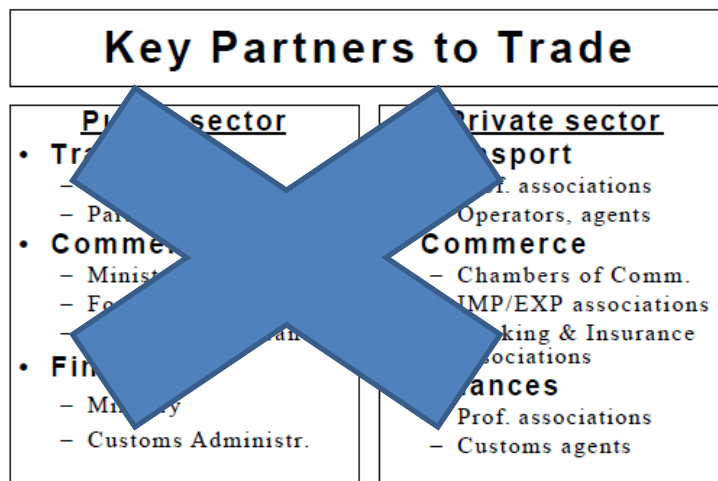
C.1. Purpose of a NTTFC

20. A NTTFC is a formally constituted body where all interested parties in the Nation's international trade and transport could present their respective views and voice their problems and seek ~~search~~, through ~~concertation~~-consultation and consensus, mutually agreeable solutions. It would act as an inter-institutional forum to promote trade facilitation, study international trade and transport regulations, prepare recommendations, and create transparency on major trade and transport issues.

21. A NTTFC is a **consultative organ**; its outputs are recommended measures or actions to be voluntarily taken and implemented by the concerned members of the Committee.

C.2. NTTFC's membership

22. The membership of the NTTFC should be made of all key partners to the Nation's trade, be they from the public sector or the private sector.



23. The following (non-exhaustive) list includes the main institutional structures which are competent or responsible for policy, monitoring and control of some activities related with ~~the~~ international ~~transport of national~~ trade:

- Ministry of Works, Transport and Communications (including terminal operators);
- Ministry of Finances (particularly Customs);
- Ministry of Trade;
- National associations of carriers (including freight forwarding association);
- National associations of transport users (importers, exporters, Shippers' councils, etc.);
- National associations of banking institutions;
- National associations of insurance companies; and
- Chambers of Commerce.

24. The participation of these institutions in the NTTFC should be made through authorized representatives who will be in a position to express the views of their respective institutions.

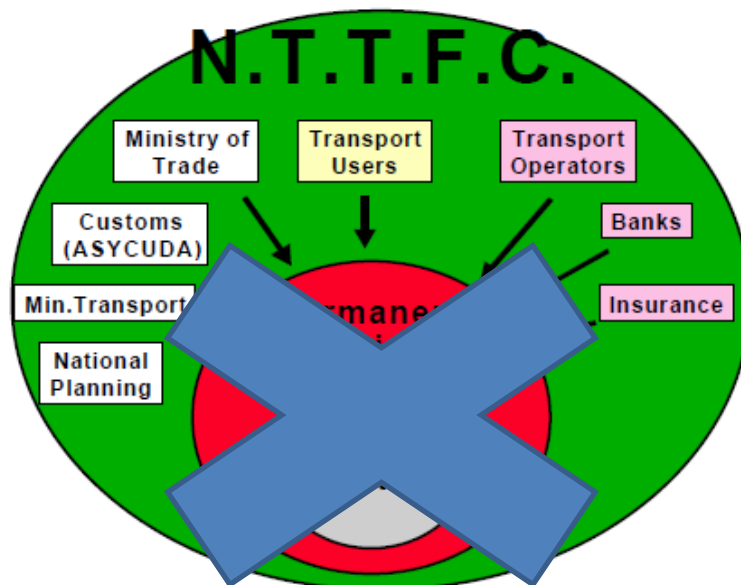
25. The participation of both public and private sector representatives should enable an open dialogue on technical or policy issues and the reasoning behind certain decisions. Also it provides an opportunity for the Government's representatives to hear first hand what the implications of certain government policy decisions have on industry. Moreover, such a mixed representation will have better recognition with the concerned Government's institutions.

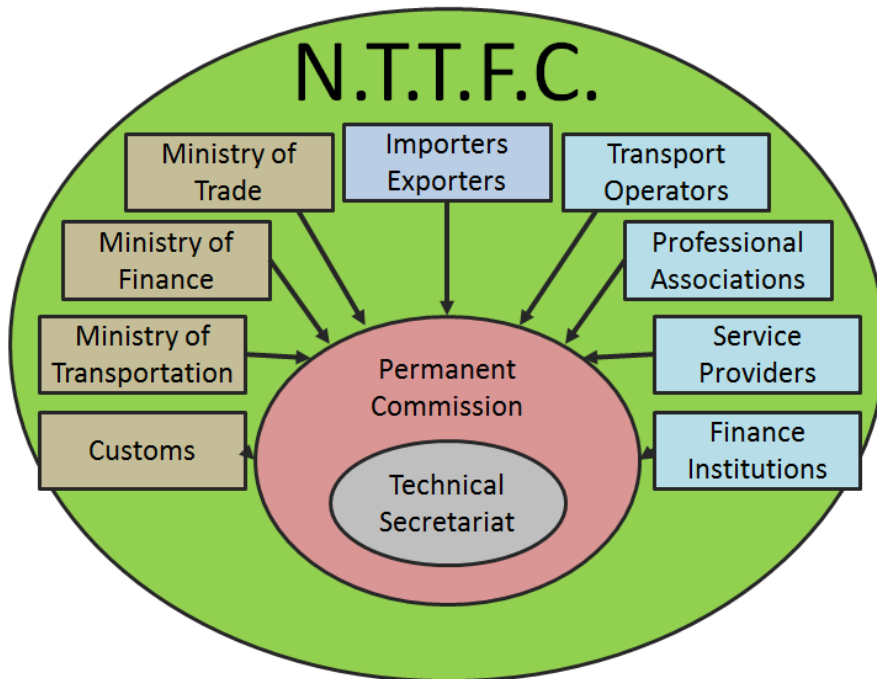
C.3. Organization of the NTTFC

26. ~~Some 20 to 40~~ Public- and private-sector representatives constitute the NTTFC organization **Committee**. However, such a large group is generally not appropriate to elaborate proposals. It is therefore suggested that a **Permanent Commission**¹ be created to prepare the decisions to be taken by the Committee.

27. This Permanent Commission would include a limited number of participants (less than 10), originating from the most relevant institutions (Ministries of Transport, Trade, Finances, plus representatives from key private sector institutions: banks, insurance, **service providers**, transport operators, transport users). The Permanent Commission could organize its work in *ad-hoc* Working Groups constituted on the basis of specific requests from the Committee; ~~it could also take advantage of any existing institution such as a PRO organ already established according to the original Recommendation No. 4~~. Representation in these Working Groups should be drawn from relevant industry sectors to ensure quality of input into the policy making process. The task of the Permanent Commission would be to prepare documentation for the Committee to assist the decision-making process.

28. Since the members of the Permanent Commission are regular staff of their respective institutions, it can be expected that they will only have limited time to devote to the Commission regarding the practical elaboration of the documentation. It is therefore considered appropriate to have a **Technical Secretary** (see terms of reference in Annex 2) whose duties would be to ensure the day-to-day functioning of the Commission and the preparation of the NTTFC meetings.





C.4. Responsibilities and role of the NTTFC components

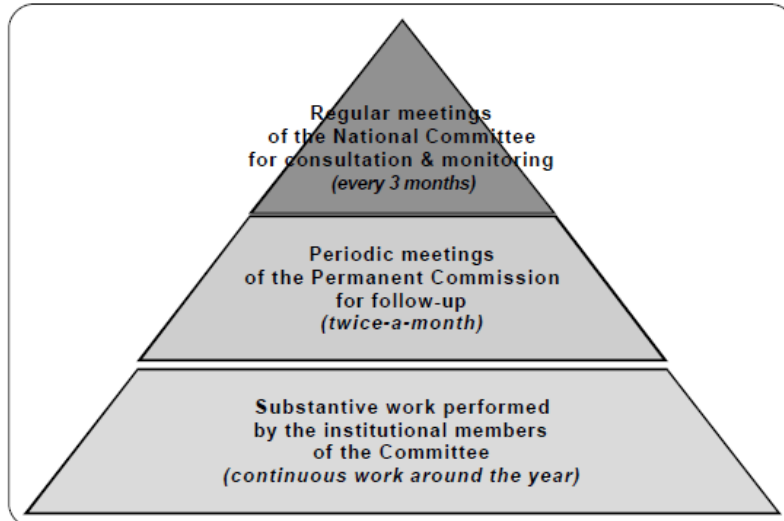
29. The following page pictures the participation and responsibilities of the different components of the NTTFC, while the diagram below shows the inter-related role of the Committee, the Permanent Commission and the member institutions.

30. The NTTFC is expected to meet 2 or 3 times per year. The agenda of these meetings would cover, *inter alia*, the following items:

- a. Discussion of the proposals of solutions to problems identified in previous Committee meetings;
- b. Identification of new issues and prioritization of these issues;
- c. Assignment of tasks to members.

31. The Permanent Commission would meet on a regular basis, probably twice a month, to follow up the work of the Committee members in their search for solutions to the identified issues.

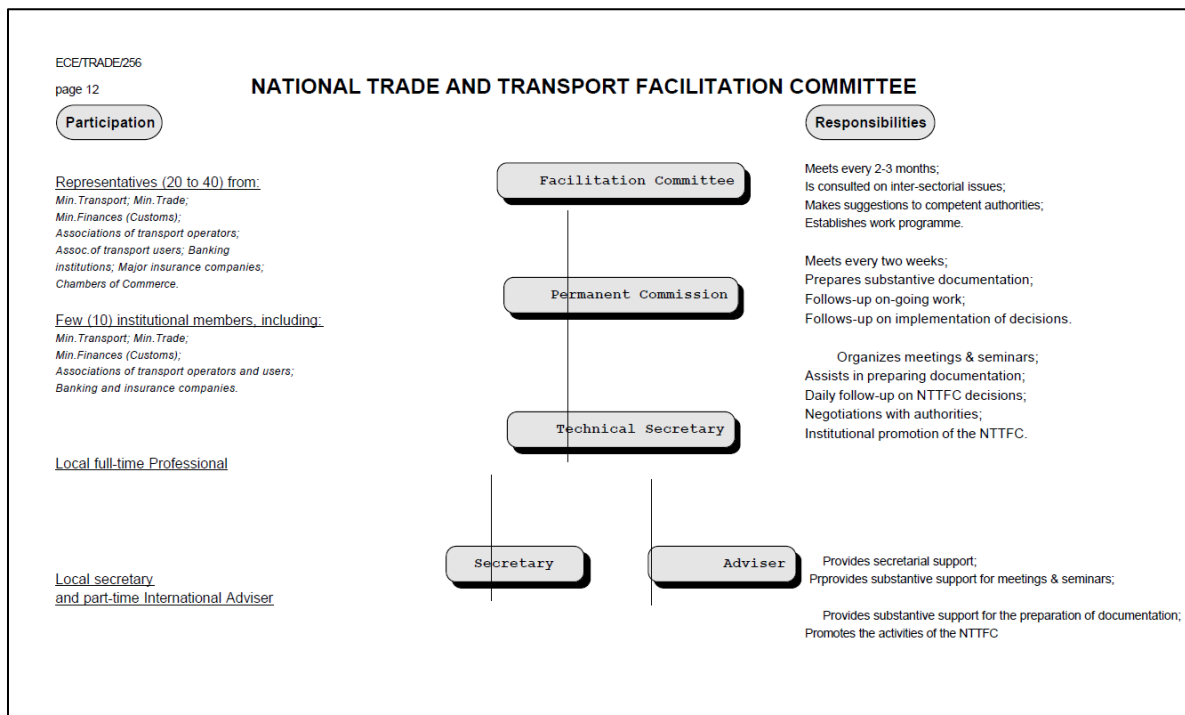
32. The member institutions would continuously work, within ad-hoc Working Groups, towards the elaboration of documents supporting the solutions they wish to propose to the NTTFC. They would be assisted in their tasks by the Technical Secretary.



C.5. Work Programme

33. Trade facilitation in itself should not be just a short term remedial activity but an ongoing strategy which increasingly, with developing information technology, needs a focused work programme covering the whole of the international trade transaction, including transport issues.

Trade facilitation begins with an analysis of the business process to establish the purpose, relevance and function of practices and procedures, and the information requirements needed to conduct the transaction. Once the review is completed redundant procedures can be removed and unnecessary data requirements eliminated; the remaining activities can then be rationalised and standardised. The review of the business process is a continuous, evolutionary methodology requiring commitment (particularly political will), appropriate resources (both human and financial) and positive action to monitor regularly the application of specific measures, and where necessary a willingness to adapt any measure with regards to experience gained.



34. The drawing up of a work programme will be established through consultations with all interested parties, using workshops, seminars, or "brainstorming" sessions. It needs to be flexible enough to take into account issues that arise which cannot be anticipated. The ability to respond effectively to a potential proposal or a situation that might be negative or disproportionate is a necessary element of a trade and transport facilitation activity. The work programme needs to include promotion of trade and transport facilitation best practice techniques and be linked into the promotion of best practices by other relevant organizations and Government departments.

35. The established NTTFC should also seek representation with relevant external bodies and organizations. This will help to maintain an appropriate quality of information. In particular, it should seek recognition and a position on the national delegation to UN/ECE-CEFACT, the World Customs Organization, the International Maritime Organization, the International Chamber of Commerce as well as participation in regional trade facilitation activities e.g. the EUROPRO.

D. FUNDING

36. The NTTFC will need to finance its Secretariat. It is therefore essential that, whatever the funding arrangements are, the Committee has a sound financial base in order to be able to deal, with the necessary independence, with issues on both a short and longer term basis. This funding should be established on a rolling basis to cover not less than 3-5 years periods.

37. With a sense of cooperation, all members institutions of the NTTFC should contribute to the financing of its Secretariat.

38. The funding arrangements could include, *inter alia*:

- a. Contributions "in kind" from governmental institutions, in the form of office space, office furniture and equipment (phone, fax, photocopying machine, etc.);
- b. Grant from Government, through its own budget or through international loans;
- c. Financial contributions from the private sector institutions (providing this does not undermine the terms of reference and remit of the organization). For example, each private sector institution participating in the NTTFC could contribute with the equivalent of one-month salary of their respective General Secretary;
- d. Additional funding, as the case may be, on the basis of "one-off" projects or special needs.

D.1. Staffing needs

The information provided here concerning funding and staffing is one solution; other solutions probably exist. National regulations and financial environment will need to be taken into consideration when choosing an appropriate solution for each country/NTTFC.

39. The staffing of the Committee' secretariat is particularly important. Appropriately experienced and motivated staff need to be acquired to carry out trade facilitation successfully. The recruitment of the appropriate Technical Secretary is probably one of the more important aspects of the Committee's establishment. This employee, whose terms of reference are presented in Annex 2, should be a person most likely issued from the private sector, with a number of capabilities making him/her an interesting "character" ready to face an awarding challenge. A proper remuneration should be granted to such a "character" in order to secure his constant interest.

40. It is suggested that, budget permitting, the following types of personnel be recruited: funding should allow to recruit the following personnel:

- a. One NTTFC Technical Secretary;
- b. One NTTFC secretary; and
- c. Local trade, transport and legal consultants (as required).

41. This personnel would be recruited for a defined period that can be renewed. Alternatively, a system could be introduced where the main private sector companies allocate a competent employee

for a defined period and at the end of that term, another staff member could be assigned. They would be located at an office provided, for example, within the Ministry of Trade.

~~42. Funds should also be provided for: (MOVED TO ANNEX 3)~~

- ~~a. basic equipment (office equipment, one vehicle), unless provided as "in kind" contribution from a governmental institution;~~
- ~~b. running expenses (office supply, telephone, local transport, etc.) and for organization of the NTTFC meetings;~~
- ~~c. contracting, as appropriate, local and foreign technical assistance in the field of transport facilitation. The consultants' main task will be to assist and guide the Technical Secretary in the preparation and running of the Committee meetings; and for~~
- ~~d. contracting local studies and/or surveys, as appropriate.~~

D.2. Budget

43. A possible budget structure, to cover the functioning of a NTTFC, has been prepared and is ~~attached to this~~ included in Annex 3.

E. STEPS TOWARDS THE CREATION OF A NTTFC

46. As a preliminary step towards the creation of a NTTFC, to keep informed all interested parties of the development of trade and transport issues, awareness campaigns should be organized through seminars, workshops, round-tables in specific industry sectors of the national economy. Such awareness campaigns may be organized by local professional associations, such as Chambers of Commerce, shippers' councils, freight forwarders association and other relevant organisations. ~~, etc.~~

47. Then, the following actions may be considered when establishing a National Trade and Transport Facilitation Committee:

- a. Prepare the Terms of Reference of the Committee, Permanent Commission and Technical Secretary;
- b. Elaborate a proposal for the formal establishment (e.g. a decree) of the NTTFC. The Committee will need to have a formal remit or terms of reference under which to operate that needs to cover all aspects of work to be undertaken. The legal base, structure and administrative framework of a NTTFC may differ considerably from one country to another. The constitution document should specify, *inter alia*, the legal basis and the broad structure of the organization, and the appointment of officers;
- c. Elaborate a proposal for the funding of the NTTFC;
- d. Identify possible key issues to be considered by the NTTFC;
- e. Identify all potential key partners;
- f. Call meeting of all identified key partners to launch the establishment of the NTTFC, to agree on suitable terms of reference of the Committee and its bodies, to determine how the Committee will be funded, and to elaborate a programme of work;
- g. Set up (institutionalize) the Committee;
- h. Schedule regular meetings (once a quarter, for example) of the Committee;
- i. Allow the Committee to establish small working groups to deal with specific issues and let these working groups work and report back to the full Committee for consideration, recommendations and action; ~~and~~
- j. Implement agreed recommendations and/or actions; ~~and~~
- k. Coordinate with other trade facilitation bodies such as UNECE, UN/CEFACT, UNCTAD, UNCITRAL... and make use of materials produced by these organizations (presentations, case studies, recommendations, etc.).

F. HOW THE CONCEPT OF "NTTFC" HAS DEVELOPED

48. ~~In cooperation with UN/ECE, the UNCTAD secretariat has for many years promoted the establishment of National Facilitation Organs that unite a number of players for the discussion of possible solutions to common trade-related problems. These committees were based on the UN/ECE~~

Recommendation No. 4.⁴ Currently there are over [thirty five] such national trade facilitation organs around the world. They operate with the support of the trading community and governments in their respective countries.

49. Lately, the need for a new form of cooperation between concerned parties in national trade and transport has developed. A number of so-called **National Trade and Transport Facilitation Committees (NTTFCs)** have been established as an important output in various UNCTAD-executed technical assistance projects (see Annex 4 on existing NTTFCs). In addition, the promotion of NTTFCs has been the basis for a Memorandum of Understanding on trade facilitation, between UNCTAD and the Latin American Association for Integration.² This Memorandum received the full support of the Conference of Transport Ministers of Latin America and has triggered action from one country, in 1997. Similarly, the establishment of NTTFCs was among the main recommendations presented for the implementation of the Border Crossing Facilitation Project to the Southeast European Cooperative Initiative (SECI) Agenda Committee.

50. NTTFCs have a somewhat larger membership than the national trade facilitation organs proposed in Recommendation No. 4, incorporating all the actors in a trade and transport transaction, including relevant governmental departments. By meeting regularly and reaching decisions agreed to by all members of the Committee, these NTTFCs are able not only to overcome misunderstandings, but also to propose widely acceptable solutions to trade and transport problems and, thus, to promote transport efficiency.

51. Recommendation No. 4 was adopted, in October 1974, by the members of the Working Party on Facilitation of International Trade Procedures. These members were representing developed countries [or blocks] registered with the UN/ECE. The Recommendation suggests (in paragraph 15): "*to create a framework for permanent consultation and cooperation between the various parties interested in facilitation of international trade – a FALCOM*." In paragraph 20, it presents possible areas for action: trade document alignment; and automatic data processing and coding. In those days and for those developed countries, these areas of concern were surely significant to international trade. While these areas are still important today, particularly for developing countries and countries in transition, it appears that many countries are now facing different problems, particularly in their institutional organizations, and require profound reforms in the trade and transport sectors.

52. In countries where trade facilitation organs have already been created under Recommendation No. 4, Government might wish either to review the mandate of the existing PRO organ in order to enlarge its scope along the lines of the recommended NTTFC, or to create a NTTFC and make the PRO organ a key member within the new Committee.

⁴ -"National Trade Facilitation Organs: Arrangements at the national level to coordinate work on facilitation of trade procedures", Recommendation No. 4 adopted by the Working Party on Facilitation of International Trade Procedures, TRADE/WP.4/INF.33, Geneva, October 1974.

² -Asociación Latino-Americana de Integración (ALADI)", with headquarters in Montevideo, Uruguay.

Annex 1

National Trade and Transport Facilitation Committee

Terms of Reference

A. Purpose and Objectives

1. The purpose of the National Trade and Transport Facilitation Committee (NTTFC) is to encourage the modernization of trade and transport practices in support of the Nation's foreign trade.

2. The specific objectives of the committee are as follows:

- a. to provide a national forum **equipped with a consultation mechanism** for the facilitation of formalities, procedures and documentation used in international transport and trade (*facilitation objectives*);
- b. to propose, for government approval, draft transport and trade-related regulations and practices (*regulatory objectives*);
- c. to make policy recommendations on future trade- and transport-related investments (*development policy objectives*); and
- d. to increase awareness of the methods and benefits of transport and trade facilitation (*training objectives*).

3. These four specific objectives will lead to the following activities:

- a. *Facilitation objectives:*
 - i. to ensure the proper coordination in the field of facilitation of international trade and transport;
 - ii. to keep under review the procedures required in international trade, including multimodal transport, with a view to their simplification and harmonization;
 - iii. to collect and distribute information on international trade and transport formalities, procedures, documentation, and related matters;
 - iv. to pursue the simplification and alignment of trade and transport documentation on the basis of the United Nations layout key, including documents designed for use in computer and other automated systems; and
 - v. to promote the adoption of the standard trade and transport technology and international codes for trade and transport information (EDI communications).
- b. *Regulatory objectives:*
 - i. to review, comment, amend, and propose for government approval new draft documents on liability, civil responsibility, banking and intermodal transport regulations (including container transport) with a view to update current regulations and practices embodied in the Commercial Code and other legal texts;
 - ii. to follow up on the final approval of proposed regulations and practices with the various institutions concerned and through institutional and executive channels; and
 - iii. to examine the convenience for the country to adhere to international conventions and standards. ~~which can facilitate international trade and transport, including the United Nations Convention on the Carriage of Goods by Sea, the International Multimodal Transport of Goods Convention, the Kyoto Convention, the 1972 Customs Convention on Containers, and the Convention on Temporary Admission of Containers.~~
- c. *Development Policy objectives:*
 - i. to review the policy content of intermodal transport investments (such as potential ICDS) and to facilitate, as appropriate, the introduction and development of transport and trade technologies/~~investments (such as EDI technology)~~; and
 - ii. to address, as a national consulting body, questions related to the institutional development of intermodal regional and international transport (such as the international coverage of national companies; public responsibility and management of facilities; joint-ventures; and other relevant issues-~~ete~~).
- d. *Training objectives:*

- i. to organize and implement campaigns to publicize the benefits and requirements of simplified documents and procedures, aimed at policy-makers and senior **decision-makers** in government organizations, parastatal bodies and transport operators, and Customs and other regulatory bodies;
- ii. to organize and present a series of seminars or workshops for policy-makers and senior decision-makers, and for middle and junior managers in transport operations, to make them aware of international trade and transport principles, practices and implications; and
- iii. to organize, as a follow-up to the awareness programs, short visits by technical experts to advise on how to improve trade transactions, to streamline transport logistic operations, and to maximize the benefits derived from facilitation.

B. Composition and Authority

4. The National Committee would bring together authorized representatives of all parties concerned with international transport and trade issues in the country:

- transport authorities
- other government agencies (customs/Ministries of Finance, Planning, Central Bank, etc.)
- other banking institutions
- insurance companies
- transport users (shippers, consignees, importers, exporters, freight forwarders, etc.)-Chamber of Commerce
- international transport operators (shipping companies, airlines, **MTOs** and their agents)
- port authorities and transport terminal operators (**including ICD operators**)
- inland transport operators (road, rail, inland waterways)
- **software solution providers**
- **standards organization(s)**.

5. A lead organization for the National Committee should be identified by the Government (e.g. the Central Planning Unit), in consultation with the concerned ministries. It might be convenient to give this responsibility to the Ministry of Transport/Communications or the Ministry of Trade, which can also provide secretariat services to the committee, or to the Ministry of Finance as responsible for Customs. The Committee will designate a *chairman*, preferably the minister, the secretary general, the permanent secretary of the designated ministry.

6. The Committee will set-up a Permanent Commission to follow-up its decisions **and eventually handle planning and the development of operations of the NTTFC**. Both the Committee and the Permanent Commission will be assisted in their deliberations and work by an appointed Technical Secretary. This Secretary will have full-time responsibility for the daily running of the Committee and Permanent Commission and will prepare the agenda for meetings of the two organs.

7. The authority of the committee is part of the authority of the respective participating institutions.

C. Scope of the Committee Recommendations

8. The committee is a consulting body. It will have authority to prepare recommendations and advise on domestic and foreign policy matters related to the development of trade and transport. Its recommendations will be made in the form of proposals to the institutions concerned and to the executive branch of the Government.

9. The chairman of the committee will, at the request of the Committee, submit the committee's proposals to the appropriate authority.

D. Work Programme

10. The Committee will prepare and implement its work programme aimed, *inter alia*, at:

- a. the implementation of harmonized national trade and transport regulations, and the organization of trade facilitation and multimodal transport training activities;
- b. the development of policies and solutions to trade facilitation and multimodal transport problems, in particular regarding daily problems of port operations, inland transport as well as Customs related issues; and
- c. the national promotion of the development of electronic messaging systems based on internationally agreed standards ~~systems~~ (for example, Electronic Data Interface EDI internationally agreed standards).

11. The Committee will meet regularly (e.g., two or three times per year) or at the request of its Chairman or any of its members.

12. The minister of the designated chairman ministry will chair the Committee meetings. The representative of the Chamber of Commerce could act as executive secretary and will be assisted by the NTTFC's Technical Secretary.

E. Sub-regional Coordination

13. From each of the National Committees, two of three members, including the chairmen and the Technical Secretaries, will constitute the Sub-Regional Trade and Transport Facilitation Committee, which will meet every six months. The basic terms of reference for this Sub-Regional Committee are:

- To monitor regional progress in the field of transport and trade and to coordinate regional awareness campaigns;
- To identify common inhibitions (technical, institutional or commercial);
- To identify common solutions/regional action required to solve existing problems,
- To set region-wide standards for documentation, tariff structures, EDI, etc.

14. *The Sub-Regional Committee will have an important role to play.* Some activities, such as standard-setting, necessarily have to follow a top-down approach, while the very nature of facilitation measures and multimodal transport requires that cross-border coordination takes place. In fact, the need for coordination will not be confined to the trading partners and third countries, since the introduction of facilitation measures and multimodal transport by one country and not by its neighbors may create problems with respect to transit trade from, to, or through such countries.

15. The important steering role of the Sub-Regional Committee could be substantially strengthened by assigning *ad-hoc* expert services at its disposal.

Example of such sub-regional coordination efforts include EuroPRO and NordiPRO in northern Europe.

Annex 2

Technical Secretary National Trade and Transport Facilitation Committee

Location: Capital and field, as required

Duration: One year, renewable
3 months probatory period

Post title: Technical Secretary for the National Trade and Transport Facilitation Committee (NTTFC)

Functions: Under the guidance and supervision of the Chairman of the National Trade and Transport Facilitation Committee, the Technical Secretary will be responsible for the daily operation of the NTTFC and its subsidiary bodies.

He/she will, *inter alia*:

1. prepare the meetings of the NTTFC, including:
 - a. preparation of the agenda;
 - b. send invitations and follow-up participation;
 - c. collect the background documents and information;
 - d. make appropriate facility reservation and any other necessary arrangement;
 - e. assist in the running of meetings;
 - f. prepare and distribute the minutes of the meetings.
2. coordinate and follow-up the preparatory work of the concerned member institutions, including the organization of any preparation work or meeting necessary prior to the running of NTTFC meetings.

Qualifications:

1. He/she should have a University degree in Economics, Law, Social Sciences or Engineering.
2. His/her experience should be based on 10 to 15 years of professional practice (of which, at least, five years at managerial level) in the country's commercial sector (Trade, or Transport closely related to Trade), or in an Administration related to Trade and Transport.
3. He/she should also be able to demonstrate a strong interest in trade facilitation and solid knowledge at Customs techniques, with a capacity to analyze bottlenecks and implement consensual solutions among authorities and commercial partners.
4. Experience should include practice in the implementation of administrative facilitation measures.
5. He/she should be recognized and accepted by the member institutions of the NTTFC.
6. He/she should be able to prepare agendas, minutes and reports related with the organization of NTTFC meetings.
7. He/she should be able to direct meetings, and to cooperate and liaise with the representatives of the various member institutions of the NTTFC and with the representatives of donor institutions and countries.

Languages: Local mother-tongue and good knowledge of English and/or French.

Office: The Technical Secretary's office will be located within the Ministry of Trade [or the Ministry of Transport].

Reporting: Every 3 months, the Technical Secretary will present a brief report of activities.

Annex 3

National Trade and Transport Facilitation Committee Budget structure

1. This structure is divided into four parts:
 - a. Operating expenses related to Committee's staff and including the recruitment of local consultants and the procurement of local studies and/or surveys;
 - b. Expenses related to the organization of Committee/Commissions meetings, as well as to the organization of conferences and seminars;
 - c. Expenses related to the procurement of office equipment and stationery, as well as to the possible rehabilitation of the Technical Secretary's office and the procurement of a vehicle (if deemed appropriate); and
 - d. Miscellaneous expenses related to reproduction of documents and unforeseen expenses.
2. The following information is provided on the possible criteria to be used in the elaboration of a budget:
 - a. **BL17-01 & BL17-02:** Corresponds to salaries for the Technical Secretary and his/her secretary;
 - b. **BL17-03 :** "Local consultants" covers possible consultants' honoraria for the provision of specific assistance;
 - c. **BL17-04:** "Studies and surveys" corresponds to a lump-sum to cover the costs of studies which might be locally required;
 - d. **BL17-05:** "Local transport" corresponds to the necessary operating costs of running the NTTFC-assigned vehicle (if deemed appropriate);
 - e. **BL30-01 & BL30-02:** "Seminars & Workshops" corresponds to a lump-sum to cover the organization (local logistics) of meetings, conferences and seminars, as required by the NTTFC;
 - f. **BL41-01:** "Stationery" corresponds to normal office expenses related to paper, pencils, etc.
 - g. **BL42-01:** "Refurbishing" corresponds to the costs of having minimum working conditions (facilities) for the NTTFC;
 - h. **BL42-02:** "Office equipment" corresponds to the costs of having minimum working conditions (equipment) for the NTTFC;
 - i. **BL42-03:** "Vehicle" corresponds to the procurement of a vehicle to be assigned to the Technical Secretary of the NTTFC;
 - j. **BL52-01:** "Reporting" corresponds to the expenses for the reproduction of documents.

Code	Description	Installation expenses		Yearly operating expenses		Basis of calculations
		USD	m/m	USD	USD	
BL17-	COMMITTEE'S STAFF					
BL17-01	Technical Secretary			12.0		Salary
BL17-02	Secretary			12.0		Salary
BL17-03	Local consultants			0.0		Honoraria
BL17-04	Studies & surveys					External contracts
BL17-05	Local transport					Vehicle maintenance & national trips
BL19-	TOTAL STAFF			24.0	0	
BL30-	ORGANIZATION OF EVENTS					
BL30-01	Committee/Commissions' meetings					Renting of facilities and services
BL30-02	Conferences & seminars					Renting of facilities and services
BL39-	TOTAL EVENTS				0	
BL40-	EQUIPMENT & STATIONERY					
BL41-01	Stationery					Operating expenses Stationery, phone, fax
BL42-01	Office rehabilitation					in case of office rehabilitation
BL42-02	Office equipment					Furniture, computer, photocopying mach., etc.
BL42-03	Vehicle					when not provided by an institution
BL49-	TOTAL EQUIPMENT & STATIONERY			0	0	
BL50-	MISCELLANEOUS					
BL52-01	Reporting					Reproduction of documents for meetings
BL53-02	Various					Unforeseen expenses
BL59-	TOTAL MISCELLANEOUS			0	0	
	Total de expenditures			0	0	
	GRAND TOTAL (first year)				0	Minimum Budget

3. Funds should also be provided for:

- a. basic equipment (office equipment, one vehicle), unless provided as "in kind" contribution from a governmental institution;
- b. running expenses (office supply, telephone, local transport, etc.) and for organization of the NTFFC meetings;
- c. contracting, as appropriate, local and foreign technical assistance in the field of transport facilitation. The consultants' main task will be to assist and guide the Technical Secretary in the preparation and running of the Committee meetings; and for
- d. contracting local studies and/or surveys, as appropriate.

Annex 4

National Trade and Transport Facilitation Committee

Trade Facilitation Bodies around the world

National Trade Facilitation Bodies (NTFBs) are important platforms for institutional coordination and stakeholders' consultation with balanced private and public sector participation. They enable the planning and implementation of successful trade facilitation (TF) reforms. UNCTAD has actively participated and supported the establishment of NTFBs in developing countries. In line with this long-standing commitment, UNCTAD has established an online repository containing case studies from countries that have set up NTFBs. The online repository is available at <http://unctad.org/tfc>. For sending new or updated country's experience to this repository, UNCTAD has provided the following contact: TFbodies@unctad.org

The data have been collected through desk research and a detailed survey with national entities, providing information about different types of NTFBs. The questionnaire used for data collection is as follows:

Template for case studies on
setting up and sustaining a multi-agency Trade Facilitation body

[Country] - Status [Month] [Year]

Questions	Answers for [Country]
Background	
What is the official name of the national trade facilitation (TF) coordination mechanism?	
What motivated the establishment of the TF body?	
What year was it established?	
Do you have other national bodies dealing with WTO issues and/or with TF?	
Was the TF body based on a previously existing multi-agency group/committee (for example a trade and transport facilitation committee)?	
What is the current status of the TF body (running, pilot phase, study)	
Institutional Framework	
Has the TF body been set up as an ad hoc group, or a legal entity/organisation?	
What specific documents were necessary to institutionalise the group? Which body and at which level made the decisions?	
What is the scope/mandate of the TF body?	

Questions	Answers for [Country]
Does the TF body have terms of reference?	
Which is the coordinating agency?	
What is the structure of the TF body (Chair/co-chair, sub-groups etc.)?	
Do you have a permanent technical Secretariat?	
Funding	
Do you have a formal budget for the operations of the TF body?	
If yes, what major items are covered by it?	
What are the sources of funding?	
Objectives / Focus	
What are the objectives of the TF body?	
Does it have a working plan?	
How do you monitor progress in implementing the working plan?	
How often, and in which form and to whom is the TF body reporting?	
Membership / Composition	
What public or quasi-public agencies participate in the TF body?	
What private associations or entities participate?	
What is the level of seniority of the participants?	
Participation	
Does the TF body meet regularly?	
What is the level of participation in each of the meetings?	
Do you use different meetings formats (such as focus groups, brainstorming, Citizen jury's etc?)?	
Promotion / Communication	
How do you keep all stakeholders informed of the TF body's meetings and new documents, upcoming events etc?	
How does the TF body interface with other working groups/committees working on similar issues?	
Do you undertake special information session for the general public or particular stakeholders?	
Benefits	
What was the impact of the work of the group?	

Questions	Answers for [Country]
How does it benefit your country's responsiveness to the WTO negotiation process?	
Have there been concrete operational outcomes?	
Lessons learned	
What are the crucial success factors?	
What are the greatest obstacles?	
What are the main lessons learned?	
Future plans	
What are the plans for further development of the TF body?	
Contact information	
Please indicate the contact details of the chairman, president or Secretariat of the TF body.	

References to some UNCTAD's experience

1. In the recent years, UNCTAD has promoted the creation of NTTFCs in various countries, as part of its technical assistance activities. Some of these projects are briefly described below.

2. **Ethiopia (1990):** Under a centralized Government, the Committee was created by the Ministry of Transport, with participation of the key governmental institutions. No private sector (it didn't exist) was involved. Initial work was carried out (basically on legal and Customs reforms), but the change of Government has halted the process.

3. **Mozambique (1994):** A Facilitation Committee had been created few years before this project started. This committee was never operational. The new project included the creation of an NTTFC among its activities. Attention was drawn to participants of a MT workshop. Ministries of Transport, of Trade, and of Finances (Customs) –at Minister level– were properly motivated by the project field experts. It was decided to create a NTTFC, a Permanent Commission (for weekly follow-up) and a Technical Secretary (for day-to-day actions and preparation of Commission and Committee meetings). The coming phase of the project includes financial support for the Technical Secretary.

4. **Colombia (1994):** A "public sector" committee had already been created by the Ministry of Transport. After a workshop on multimodal transport, the Ministry recognizes the need to open the participation in the committee to the private sector. Since mid-1994, there is in Colombia a Presidential Commission on Competitiveness. This Commission includes five Advisor Committees: Management and productivity; Technology; Human resources; Infrastructure; and Institutional reforms. A sixth Committee, on Trade and Transport Facilitation, has been proposed and agreed in principle. As of mid-1997, the Committee had held various meetings and appears to be still running.

5. **Pakistan (1994):** After a series of MT Workshops having been held in several cities in Pakistan, a Trade and Transport Facilitation Council was established by the private sector under a licence from the Corporate Law Authorities of the Companies Ordinance. Since its inauguration, the public sector has been invited to join the initiative. The secretariat has for the time being been established in the Pakistan Shippers Council where one senior executive is acting as the coordinator. A new project on trade and transport facilitation, financed by the World Bank, is due to start in 1998. It will support the work of the existing NTTFC.

6. **Nepal (1998):** The World Bank is financing an important project on trade and transport facilitation, to be initiated in early 1998. As a pre-condition to the World Bank loan, the Government has

established a NTTFC which will serve as a "sounding board" for the implementation of the project recommendations

Text in black is the original text from the currently approved documents

Deletions are barred