

ITD Workshop on Trade Facilitation and the WTO
Roundtable Discussion Summary
22 October 2002

Dr. Somchin Suntavaruk, ITD Program Director, initiated the discussion by noting that the previous sessions had illustrated that trade facilitation cover all aspects of import and export procedures. While seeming simple in theory, trade facilitation measures often proved difficult to implement, analogous to climbing the Himalayas. And while many claims have been made about its benefits, still only few countries have taken decisive action to improve import procedures. At present, trade facilitation has been discussed and negotiated in many forum. APEC, for example, has set long-term goal for trade facilitation program. But countries should not hesitate to move faster than what has been planned. Dr. Somchin also invited the participants to comment on the status of trade facilitation in their countries. Participants should make suggestion on how to proceed to materialize benefits from trade facilitation.

Ms. San San Lynn, Myanmar, commented that there is a need for technical assistance in trade facilitation. Myanmar does not have national standards, such as those developed through the International Organization of Standardization. It is important for the United Nations agencies to have contact with high level Government policy makers and advise them on the steps to follow.

Mr. Eliver Radjagoekgoek, Indonesia, pursued this point by asking if it is possible for UNESCAP to help convince high levels of Government about the need to simplify import/export procedures and documents. As every country has its key trading partners, it may be helpful to have a small project that focuses on the steps required for trading with one such partner. Mr. Eliver also recalled that a trade facilitation project was carried out about ten years ago with support from UNDP. It resulted in automating about 80 percent of the Customs activities. Unfortunately there has not been similar progress in making other parties in the trade transaction chain more efficient. Thus there are still unnecessary delays and costs.

Mr. Ajay Sahai, India, referred to comments made during earlier workshop sessions that suggested pre-shipment inspection (PSI) was a hindrance to trade. In his experience, PSI actually facilitated trade, citing imports of used machinery that created many problems for Customs valuation. Goods that have been cleared through a PSI agency are now permitted "green channel" clearance. Introducing risk analysis of all imports has also reduced clearance delays by 50 percent. A web-based licensing system enables traders in most cases to obtain any license in 24 hours. Mr. Sahai suggested that each country participating in the Asia Cooperation Dialogue (ACD) could take a trade facilitation initiative and UNESCAP could monitor feedback and help disseminate the experience of what the countries are doing.

Mr. M. Nafees Zakaria, Pakistan, commented that all countries are insisting on WTO rules to improve the global trading system. Developed countries are more concerned about inefficiencies in developing countries than the developing countries themselves.

Mr. John Elliott, a trade facilitation practitioner, pointed out that trade facilitation in most countries focuses on facilitating exports and attracting Board of Investment-type of projects. Imports receive less attention, resulting in tariff structures that are too complicated, inviting corruption and delays. Potential foreign investors want to know how quickly they can get their money back.

Mr. Mohammad Ismail, Bangladesh, was pleased that ITD was organizing these trade facilitation workshops. While some participants felt it was a challenge to convince high ranking officials of trade facilitation's importance, in Bangladesh the Government understands: if we do not know the rules, we are not in the game. Less developed countries (LDCs) may need some "pre-trade facilitation" activities, however, because they need to have something to trade first. The gains from facilitation are being consumed by the larger companies in developed economies

Mr. Masahiro Mikami, Japan, noted that his country was supporting the development of economic infrastructure, particularly in the Greater Mekong Subregion (GMS). Their experts are reporting that improvements in "software" may be equally important as infrastructure "hardware." He then introduced Mr. Kentaro Ashina to report on Japan's support for trade facilitation and the WTO, which has been summarized in three papers submitted to the WTO secretariat.

Mr. Udon Rattanawongnara, Thailand, said that the Asian Development Bank was organizing a GMS workshop in Cambodia, 12-14 November, which will focus on guidelines for Customs procedures and the introduction of a "single administrative document" based on the UN Layout Key, which was discussed during this workshop. It would be useful to have interaction between the GMS Customs Working Group and the ITD.

Ms. Sumaira K. Aslam, Pakistan, viewed the obstacles to trade in certain ACD countries to be excessive bureaucracy, lack of automation, lack of transport infrastructure, inadequate human resource development and lack of cooperation. The mantra for reform must be HSS: harmonization, standardization and simplification. She mentioned that Thailand and Pakistan are looking to establish a clearing account, or counter account, to facilitate international trade in local currency. Experience from other countries that have worked under such an arrangement would be appreciated.

Ms. Wang Shanting, China, reported that her country has taken a number of measures concerning trade facilitation, including a) simplified Customs procedures and an "electronic port" programme; b) development of an internet framework connecting over 300 ports nationwide; c) adopting the revised Kyoto Convention, and eliminating all

tariff barriers by 2005. Support for capacity building is still needed, for example, training in risk analysis.

Mr. Zakaria encouraged devoting attention to transit trade, referring to several regional arrangements that have been established, such as among the countries of the Economic Cooperation Organization. Possibly the participants could exchange country reports.

Dr. Yang Junsok, Korea, concurred, saying that every country needs to do something. The international organizations should assist with coordination among the countries.

Datin Paduka Halimah Abdullah, Malaysia, suggested that one forum to achieve this coordination is UNESCAP's Committee on Trade and Investment that will meet before the end of this year. Dr. Somchin added that a paper on the issues involved would need to be presented to the Committee. Mr. Zakaria expressed a reservation about the effectiveness of this approach, noting that UNESCAP committees meet too infrequently and are usually attended by the Bangkok-based representatives, not the experts or responsible officials from the capitals.

Dr. Yang observed that in this workshop everyone appears to agree on the utility of trade facilitation, but the role of trade facilitation within the WTO framework is not so clear. The advanced countries are leading the push for trade facilitation rules, but they seem to underestimate the difficulties of putting these principles into practice in developing countries. More participation by developing countries in the international fora where these discussions are taking place is required. Mr. Ashina concurred, explaining that at the WTO meetings he attended in Geneva many of the less developed countries were absent.

Mr. Eliver felt that one problem is that of partnership, that is, getting the several agencies concerned with trade facilitation, such as Customs and the Ministry of Trade, to work together. If UNESCAP can identify who is in charge of these two sectors, it would be more effective. The people who are negotiating international trade agreements are different from those who have responsibility domestically for official controls over trade procedures.

Mr. Phirun Ros, Cambodia, suggested that the workshops should take into consideration concern over intellectual property rights, citing the situation where brand name software that retails for USD 200 in the United States can be purchased easily for USD 2 in some ACD participating countries. In response to suggestions that high level officials should participate in the ITD workshops, Mr. Phirun doubted that these individuals would have either the time or the more detailed experience.

Ms. Do Thuy Lan, Viet Nam, requested UNESCAP to provide more information to the Ministries of Trade about trade procedures and documentary requirements of the

countries in the region. This would make it easier to inform traders in each country about the requirements, as well as help point out those countries that have established more efficient trading practices.

Mr. Kiengkhammanh Khottavong, Lao PDR, identified another problem: because LDCs export less, this created incentives to impede facilitation. For example, Customs may be pressured by the Ministry of Finance to increase revenues. This may lead to actions that are contrary to established regulations in order to meet the target. Trade facilitation would increase transparency of trade transactions, making abuse more difficult. Facilitation and free trade agreements, reducing the costs of trade while increasing the volume of trade, these efforts should be carried out in parallel.