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**EFFICIENT TRANSPORT AND TRADE FACILITATION TO IMPROVE
PARTICIPATION BY DEVELOPING COUNTRIES
IN INTERNATIONAL TRADE***

Note by the UNCTAD secretariat

Executive summary

Trade and transport facilitation is increasingly crucial for developing countries' competitiveness, and thus also for their development potential. At the same time, the capacity to implement facilitation measures is closely related to the starting level of a country's development. This two-way relationship and the general developmental implications of trade and transport facilitation as well as trade in transport services are to be taken into account during the ongoing multilateral negotiations at the World Trade Organization. In addition, the legal and regulatory framework within which international trade and its transport are taking place is undergoing changes with important developmental implications. These trends call for further UNCTAD support to developing countries through research and analytical work, advisory services and technical assistance.

* This document was submitted on the above-mentioned date as a result of processing delays.

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I. INTRODUCTION

1. During 2005, transport and trade facilitation has come further to the fore of the development agenda, especially as a consequence of the ongoing negotiations on trade facilitation at the World Trade Organization (WTO). The inclusion of trade facilitation in the negotiating process is *inter alia* a reflection of trends and developments in global trade and logistics, which have led to an increased need to modernize and standardize international trade procedures, in particular in developing and least developed countries (LDCs).

2. Trade facilitation and development mutually benefit each other. On the one hand, trade and transport facilitation is a necessary condition for trade competitiveness, which in turn contributes to the creation of employment and development. On the other hand, facilitation measures are usually more difficult to implement in developing countries and LDCs than in developed countries. In other words, not only is a lack of trade and transport facilitation detrimental to development, but also insufficient development is detrimental to trade and transport facilitation efforts. Part II of this issues note will analyse this dual relationship in more detail.

3. Given these linkages between transport and trade facilitation and development, it is imperative that current multilateral negotiations at the WTO take into account the implementation capacities of developing countries and LDCs. This is important for both trade facilitation and transport services negotiations. The global legal and regulatory framework for transport also has an important bearing on developing countries and their competitiveness in international trade. Part III of this note will review relevant developments in the international policy framework.

II. TRADE AND TRANSPORT FACILITATION AND DEVELOPMENT

The benefits of trade and transport facilitation

Direct benefits

4. The direct gains from trade and transport facilitation have long been substantiated by several national and international studies, including those by UNCTAD, the Organisation for Economic Co-operation and Development (OECD) and the World Bank. Already in 1994, UNCTAD reported on the documentation costs and their bearing on the end cost of a product amounting to 3.5 to 7 per cent of the value of trade goods.¹ The OECD (2003) literature review on gains from trade facilitation suggests that such gains range between 0.04 per cent and 2.3 per cent of GDP for facilitation of the trade in goods, while the reduction in trade costs vary between 0.21 per cent and 10 per cent. The study then proceeds to estimate welfare gains equivalent to 0.13 per cent of GDP, with a conservative assumption of a 1 per cent reduction in trade transaction costs. The larger gains are estimated for developing countries.² The World Bank report on global economic prospects for 2004 suggests that enhancing

¹ "Saving one hundred billion dollars annually by the year 2000", United Nations International Symposium on Trade Efficiency, Columbus, Ohio, Fact Sheet # 5, UNCTAD, 1994.

² "Quantitative assessment of the benefits for trade facilitation", OECD TD/TC/WP(2003)31, Paris, 2003.

capacity in global trade facilitation would increase world trade of manufacturing goods by approximately \$377 billion – an increase of about 9.7 per cent.³

5. UNCTAD's recently launched "Trade and Development Index 2005" highlights the fact that transport infrastructure and macroeconomic stability are important elements of supply capacity at the early stage of development of the external sector.⁴ It is also suggested that it is desirable to anticipate adjustments in a number of ways, including by providing transport infrastructure, trade facilitation and debureaucratization. Through its external sector a country is linked to global trade and transport networks, which can function only in a trade- and transport-facilitating environment.

The development process

6. Trade and transport facilitation must be considered and implemented as a development factor, and not simply as an administrative tool with an impact limited to border-crossing trade operations. Most facilitation measures have a direct bearing on trade efficiency as well as an indirect effect on a country's overall human capacity, legal framework, infrastructure, and the use of information and communication technologies (ICTs). At the same time, a higher level of development, including a functioning legal system, education, infrastructure and ICTs, will have a positive impact on the capacity to implement specific facilitation measures.

7. By way of example, many trade and transport facilitation measures require the introduction and use of ICTs. Without adequate computer equipment, communication infrastructure and human capacity to operate ICTs, measures such as customs automation, cargo tracking or electronic single windows are impossible to introduce. At the same time, the introduction of a trade facilitation measure that requires the use of ICTs may also have the side effect of encouraging the use of ICTs in other sectors of the economy. It has been shown, for example, that the introduction of an electronic single window in Guatemala has led to an increased use of computers and Internet connections by smaller and medium-sized national traders. They were advised and encouraged to undertake the necessary investments, which now also help them to better communicate with their clients and suppliers.⁵

8. Similarly, an adequate and functioning national financial system is important for the implementation of customs guarantee systems, and supporting the establishment of such a guarantee system may thus also be beneficial to the general national financial system. By the same token, the introduction of more transparency in customs procedures is an important element of good governance and may contribute to fighting corruption in general. Equally, functioning communication channels between traders, service providers and the public sector make it easier to create trade and transport facilitation committees, just as the creation of such committees will in general help to improve communication between stakeholders, beyond the issue of cross-border trade facilitation.

9. The above-mentioned examples show that trade and transport facilitation cannot be considered in isolation from a country's overall development. Facilitation indicators such as

³ "Global economic prospects", World Bank, Washington, DC, 2004.

⁴ "Developing countries in international trade 2005", UNCTAD/DITC/TAB/2005/1, Geneva, 2005.

⁵ "The establishment and operation of an electronic single window: Case study of Guatemala", UNCTAD/SDTE/TLB/MISC/2004/5, UNCTAD, Geneva, 2004.

customs clearance times and the number of documents and signatures required are closely related to development indicators such as per-capita income (see table 1). Just as it can safely be assumed that fewer days, documents or signatures for customs clearance make a positive contribution to a country's income, so it is also true that developing countries will find it more difficult than developed countries to implement the necessary measures to achieve a fast clearance time or a low number of requisite documents or signatures.

Table 1. Correlation between trade facilitation indicators and income levels

Income level of countries	Average clearance time in days	Average number of documents required	Average number of signatures required
Rich	16	7	4
Upper-middle	28	10	9
Lower-middle	40	12	16
Poor	61	13	28

Source: Marc Juhel, World Bank, presentation made during UNCTAD Expert Meeting on Trade Facilitation as an Engine for Development, Geneva, September 2005.

Transit trade and transport facilitation

10. Landlocked countries are particularly dependent on trade and transport facilitation, especially as regards transit trade and access to overseas markets through the ports of neighbouring countries. Their trade competitiveness depends not only on the modernization and standardization of trade procedures at home and in the destination country, but also on the transit trade and transport procedures applicable in the neighbouring/coastal countries.

11. In spite of the above, both landlocked and transit countries can mutually benefit from increased trade flows along transit transport corridors. In many cases, simple practical and corridor-specific arrangements can lead to win-win situations, where both the transit and the landlocked country benefit from synergies and economies of scale in investments and transport operations.

12. An important possible tool to create such synergies and economies of scale is transport corridor clusters. A cluster, in this context, is a sectoral and geographical concentration of enterprises, which produce and sell a range of related or complementary goods and services linked to transit trade and its transport, and which are thus faced with common challenges and opportunities. The key component that contributes to a successful cluster is the existence of positive externalities, that is gains, benefits or other advantages of an action of one member of the cluster to another, without costs to the latter.

13. Landlocked countries and transit countries need to cooperate to foster the creation and promotion of clusters. Participants in clusters would mutually benefit from more efficient transit trade and transport operations. From the perspective of traders, improved efficiency would simply imply less costly and faster and more reliable deliveries; for service providers, the increased volume of trade permits economies of scale and cost savings. For the success of a cluster, trust is a major ingredient. To initiate collaboration, it is essential that trust is being developed and exercised among concerned parties. Trust will increase the level of

understanding among concerned parties, encourage joint activities and ensure that relevant information is shared.

14. UNCTAD is currently executing a project under the Development Account which seeks to provide stakeholders in landlocked and transit developing countries with sustainable capacity to improve transit transport operations. To achieve this objective, the project is supporting the creation and promotion of clusters. These are linked to corridor-based institutional and technological solutions enabling monitoring of day-to-day transit transport operations, as well as the formulation of longer-term strategies for trade and transport facilitation.

The implementation of trade and transport facilitation measures

The institutional setting

15. International trade involves goods, services, transport operations and vehicles, moving along an international trade corridor. Each corridor consists of commercial and financial customs and practices, administrative requirements, infrastructure and equipment, and agents. Each of these elements is subject to local national laws and regulations and entails interactions between different agencies, ministries and private sector players. These stakeholders can – on the one hand – provide input to the design of such a legal and regulatory environment, and – on the other hand – implement (or comply with) its modalities. This in turn calls for extensive consultations and coordination among them.

16. Most of the obstacles to international transport and trade result from the different regulations and standards applicable to the above-mentioned elements on each side of a border. There is thus a need to develop modern policies and administrative arrangements that bridge across borders institutional as well as organizational disparities and inconsistencies.

17. While it may take time to level such organizational disparities and inconsistencies, creating transparency is already considered to be a major step forward. The trade needs to know the conditions under which its commercial transactions will be processed, including the assessment of duties and taxes, and the level of applicable fees and charges.

Implementation needs and capacities

18. The specific facilitation needs and priorities of countries may differ with regard to the structure of trade, the trading partners, and the available transport infrastructure and services. Trade facilitation is largely about creating commonalities in standards and practices not only between the trading partners' respective environments but also between different actors within the same country.

19. Trade facilitation spans many different sections of the national economy: transport, communications, finance and regulatory measures, to name but a few. The impact of trade facilitation has economic, fiscal, health and security consequences. Therefore, a set of complementary domestic policies is necessary if maximum gains are to be achieved.

20. The level and type of technology used in different facilitation measures can and should vary, depending on the realities of each country. By way of example, a particularly important trade facilitation measure is the "Single Window" concept, as it provides a local

platform on which to build further trade facilitation programmes. A “Single Window” in countries with a trading community that is familiar with sophisticated technologies is more likely to incorporate higher levels of automation than a “Single Window” in countries where traders and service providers are less exposed to the latest technologies.

21. In other words, the capacity to use ICTs can generate headway in the implementation of transport and trade facilitation initiatives, further indicating that the general development gap between developed and developing countries also determines the gap between the needs and capacities to implement trade and transport facilitation measures.

III. THE INTERNATIONAL POLICY FRAMEWORK FOR TRADE AND TRANSPORT FACILITATION

Negotiations on trade facilitation at the World Trade Organization⁶

22. Trade facilitation has increased visibility in 2005 to a large extent because of the work carried out by the WTO Negotiating Group on Trade Facilitation (NGTF). The NGTF initiated its work in 2004, on the basis of a mandate from the Doha Ministerial Declaration (2001) and the WTO “July Package” (2004).⁷ Its work has centred on discussions surrounding the 70 written submissions sponsored by more than 100 delegations to offer improvement and clarification of the three GATT 1994 articles. The submissions and the subsequent discussions have contributed effectively to a better perception of the multiple dimensions of trade facilitation.

23. The discussions within the NGTF have also provided views on how a multilateral ruling on trade facilitation could be implemented. While the relevance of trade facilitation is generally accepted, the pace of its implementation is questioned. A number of concerns have been raised by developing countries regarding possible mechanisms for securing their domestic capacity for the implementation of commitments, particularly through the establishment of linkages between commitments, needs analysis, technical assistance, capacity building, and special and differential treatment.

24. The implementation of comprehensive trade facilitation measures often implies a profound institutional re-engineering that may require human and financial resources beyond the means of most developing countries. Should these measures become WTO commitments, these countries would undoubtedly need assistance and support for their implementation. Such support and assistance must be modulated in terms of amount and implementation timespan. These linkages between quantity of assistance and support, exemptions from

⁶ Trade facilitation is only one part of a wide-ranging agenda at the WTO that will ultimately form a “Single Undertaking” whereby “nothing is agreed until everything is agreed” and WTO Members will be seeking a balance across the whole negotiating agenda.

⁷ Paragraph 33 of the Hong Kong Ministerial Declaration (draft of 18 December 2005) states that Ministers “recall and reaffirm the mandate and modalities for negotiations on Trade Facilitation contained in Annex D of the Decision adopted by the General Council on 1 August 2004. We note with appreciation the report of the Negotiating Group, attached in Annex E to this document, and the comments made by our delegations on that report as reflected in document TN/TF/M/11. We endorse the recommendations contained in paragraphs 3, 4, 5, 6 and 7 of the report.” Of particular interest is paragraph 6 of the report mentioned, which reads *inter alia*, “the Negotiating Group recommends that the commitments in Annex D’s mandate in this area be reaffirmed, reinforced and made operational in a timely manner”.

commitments and implementation periods need to be clearly established for each individual country in adequately formulated special and differential treatment provisions.

25. UNCTAD supports capacity building in developing countries and least developed countries in relation to the WTO negotiations on trade facilitation, *inter alia* under a Trust Fund established in early 2005 and financed by the Governments of Sweden and Spain. The Trust Fund has been used to support the work of capital- and Geneva-based negotiators from developing countries.

Liberalization of transport and related services

Maritime transport services

26. In the WTO negotiations, the strategic role of maritime transport services has been stressed in several joint statements and negotiating proposals tabled by WTO Members at the Council for Trade in Services in Special Session. In addition, WTO Members with a strong interest in securing meaningful liberalization in this sector have joined their efforts to achieve such an outcome within a dedicated informal working group, the so-called Friends of Maritime Transport Group.

27. Proponents of maritime transport services liberalization seek to remove barriers to trade in the maritime sector, including restrictions on commercial presence such as foreign equity ceilings and right of establishment limitations; nationality requirements; cargo preferences; and preferential taxation regimes. Furthermore, while some WTO Members are seeking access to, and use of, port services on a reasonable and non-discriminatory basis, others suggest the removal of market access and national treatment limitations on feeder services and the movement and repositioning of empty containers. Developing countries are particularly seeking the easing of limitations on the movement of natural persons generally in the broader services negotiations; and this could have important implications on transport-related activities.

28. It should be recalled that most WTO Members have adopted the Maritime Model Schedule developed during the *Uruguay Round* to better reflect the specialized field of maritime transport and to facilitate the making of commitments in this sector. The Model Schedule rests on three pillars, namely international maritime transport services; maritime auxiliary services; and, access to, and use of, port services.

29. An important development in the last rounds of negotiations on maritime transport has been the extension of the scope of coverage to new sectors and areas, such as multimodal transport and logistics services. Such a development was prompted by a number of factors, including the evolving international trading system, the greater integration of global production networks, the just-in-time production requirements, the increased use of containerization and technological advances. Some Members contend that the pace of these emerging trends is such that a focus on port-to-port services in the current negotiations is no longer adequate for meeting the new market demands.

Multimodal transport

30. The inclusion of multimodal transport was suggested during the Uruguay Round and the 1996 Extended Negotiations on Maritime Transport Services (NGMTS). In the current round of negotiations, a number of WTO Members have stressed the importance of multimodal transport and tabled proposals to that effect.

31. While some Members consider the ability to access and use multimodal transport services to be a sufficient condition for the liberalization of these services, others maintain that foreign services providers should, in addition, be able to supply these services on a market access and national treatment basis. In order to reflect multimodal transport elements, a checklist approach has been retained among various options put forward by interested WTO Members. The checklist is intended as a negotiating tool and lists services which liberalization would contribute to an efficient and integrated multimodal transport system. Such services include internal waterways, and rail and road transport services.

Logistics services

32. Since the beginning of the current negotiations several proposals have been made and a joint statement by some WTO Members has been tabled at the Council for Trade in Services in Special Session to encourage commitments in logistics services. Consistent with the approach adopted in the context of multimodal transport services negotiations, some WTO Members have proposed a checklist⁸ as a negotiating tool to facilitate the undertaking of commitments in sectors which would contribute to the liberalization of logistics services. The checklist distinguishes between core freight logistics services, related freight logistics services and non-core freight logistics services.

33. The main impediments to the efficient provision of logistics service include the following: cumbersome and non-transparent customs procedures and inspections; investment regulations which restrict local presence; modal restrictions such as licensing requirements in transportation; and cargo preferences. Commitments on logistics services would aim at removing many of these restrictions.

34. It is generally accepted that the new course of WTO negotiations on transport services and recent developments in related activities such as logistics services are aimed at keeping pace with new market realities and business practice. However, further commitments in these services will not be without consequences for developing countries.

35. An issue associated with logistics services liberalization is the uncertainty resulting from the absence of a logistics services heading under the GATS classification system. In addition, it is not clear whether all services sectors or activities included in the proposed checklist fall within the scope of the GATS. While some services such as air traffic rights have been explicitly excluded from the agreement, others are not defined or are grouped under broad headings which add to the vagueness of the scope of logistics services. Finally, as the logistics services checklist encompasses multimodal transport services, problems inherent to the latter also remain.

⁸ See WTO document TN&S&W&20, 25 June 2004.

36. A key consideration for developing countries is to ensure that while actively participating in these negotiations, they retain the requisite degree of flexibility to regulate and devise strategies that meet their objectives and interests, including their ability to introduce solutions that mitigate adjustment costs stemming from their new commitments. In this regard, developing countries may consider capitalizing on synergies that exist between transport and logistics services and trade facilitation negotiations, including technical assistance and capacity-building initiatives provided for in annex D of the 2004 “July Package”.

Transport law

37. A number of international and regional conventions are in force to govern liability arising from transportation by sea, air and land. A degree of international uniformity of laws has thus been achieved. However, the international legal framework governing transportation remains complex.

Carriage of goods by air

38. The Montreal Convention 1999 has entered into force for 68 States, which have ratified or acceded to it. Widespread adoption of the Convention represents an important step towards the creation of an internationally uniform legal framework for air transport that is clear and transparent. However, the Convention applies only in respect of transportation between the various Contracting States.

Carriage of goods by road

39. In relation to carriage of goods by road, a well-established regional convention, the Convention on the Contract for the International Carriage of Goods by Road 1956 (as amended in 1978), is in force in the UN–ECE region, as well as in some other Contracting States, including some developing countries. In order to better adapt the Convention to the demands of modern transportation, deliberations are currently taking place under the auspices of the UN–ECE towards agreement on a protocol to ensure the equivalent treatment of electronic alternatives to traditional paper-based transport documents. The deliberations will continue in 2006, and it is hoped that they will lead to agreement on the text of a Protocol for adoption.

Carriage of goods by sea and multimodal transportation involving a sea-leg

40. In relation to sea carriage, there are currently three international conventions in force, namely the so-called Hague Rules of 1924, the Hague Rules as amended by the Visby Protocol 1968 (Hague-Visby Rules) and the Hamburg Rules of 1978. Which, if any, of these different international legal regimes applies in respect of a given international transaction depends on a number of factors, including the question of whether transportation is to or from a Contracting State, and the choice of law rules applicable in the jurisdiction where a dispute may be litigated or arbitrated.

41. In relation to multimodal transportation, no uniform liability regime is in force. As a consequence, liability continues to be governed by a complex array of diverse international conventions designed for unimodal transportation, regional agreements, national laws and standard term contracts. Past attempts at establishing an acceptable international uniform regime have not been successful.

42. Against this background, an UNCITRAL Working Group on Transport Law began deliberations in 2002 towards the development of a new international legal instrument on transport law. The proposed draft instrument is primarily intended to cover sea transport, but would also cover all multimodal contracts that include a sea-leg. Deliberations, to which UNCTAD is contributing, are set to continue and it has been proposed that the text of a draft convention be completed at the end of 2007.

Transport security

Implementation of the ISPS Code

43. The International Ship and Port Facility Security Code (ISPS Code), which aims at enhancing maritime security on board ships and at the ship/port interface, entered into force on 1 July 2004. Data submitted to the International Maritime Organization suggest that the challenge of implementing the wide-ranging ISPS Code requirements appears to have been generally met successfully, both by Governments and industry, and without giving rise to any major disruptions to trade.

44. While the need for enhanced security measures is widely accepted, it is also generally recognized that the implementation of the new international maritime security regime entails additional investments and expenditures by all affected parties as well as changes to operational procedures and business practices. Although a number of preliminary estimates on the costs associated with implementation of the ISPS Code have been made at both the national and the international level, there is, so far, little information available to permit a complete assessment.

45. In an effort to enable a better understanding of the potential economic implications of the new international security regime, especially for developing countries, the UNCTAD secretariat has initiated two studies. The first of these uses a case-study approach, focusing on a small number of selected ports in Africa, Asia, Latin America and North America. The case studies aim to provide, while taking into account the varying levels of development, some indication of the order of magnitude of ports' expenditures associated with the implementation of the ISPS Code and the benefits that may have resulted from an enhanced port security environment.

46. In order to provide some relevant data on the situation at the global level, a large-scale survey has also been launched. Survey questionnaires were sent out to all parties affected by the ISPS Code, namely Governments, ship-owning and/or operating companies and ports worldwide. The aim of the survey is to help assess the impact of the ISPS Code on affected parties. It is hoped that its results will contribute to a better appreciation of the potential economic implications of the new international maritime security regime for developing countries and to ascertaining the significance of the new maritime security regulatory burden.

The WCO Framework of Standards to Secure and Facilitate Global Trade

47. One of the more important recent international developments in the field of supply-chain security was the adoption, under the auspices of the World Customs Organization (WCO), of a new Framework of Standards to Secure and Facilitate Global Trade. The

Framework was adopted by consensus of all WCO members in June 2005. It establishes a set of 17 standards, which are supplemented by detailed technical annexes.

48. The Framework focuses on ensuring close customs-to-customs cooperation and establishing solid customs-to-business partnership relations. It concentrates on four main areas, in particular the harmonization of advance electronic cargo information requirements for inbound, outbound and transit shipments; the implementation of a consistent risk management approach to address security threats; the definition of benefits to businesses that meet minimal supply chain security standards and best practice (Authorized Economic Operators); and mandatory outbound inspection of high-risk containers upon reasonable request by the member receiving the cargo.

49. WCO members that have signalled their intent to meet the relevant requirements are required to provide a timetable for implementation, as well as regular progress reports. A Director for Compliance and Facilitation has been appointed to oversee and drive the implementation process. As of 11 October 2005, some 116 customs administrations had already indicated their intent to implement the Framework.

IV. THE WAY FORWARD

50. Trade and transport facilitation has direct implications for developing countries' competitiveness. At the same time, its linkages to the development process are also increasingly being acknowledged. The challenge for policymakers is to initiate a virtual circle, where trade and transport facilitation contributes to the development process, which in turn will facilitate the implementation of trade and transport facilitation measures, thus further contributing to the development process.

51. There is a need to strengthen coherent trade and transport facilitation programmes and ensure regional cooperation as well as specific corridor-based initiatives. UNCTAD can be expected to continue to contribute to this process through its advisory services and technical assistance programmes.

52. Information and communication technologies in particular can be expected to play an increasing role in the design and implementation of trade and transport facilitation measures and programmes. In this context, customs automation is likely to be of ever greater importance, and it can be expected that UNCTAD's Automated System for Customs Data (ASYCUDA) will continue to play an important role in this regard.

53. The UNCTAD secretariat is prepared, within its mandate and competencies, to contribute to consensus-building on the above-mentioned issues and cooperate with all relevant national and international organizations in finding the most suitable instruments for developing countries to improve their effective participation in global trade through the development of efficient transport and trade facilitation solutions tailored to their needs and capacities. Matters that will need further analysis include the verifiable capacity of developing countries to implement future obligations, the mechanisms required in order to be able to verify such capacity, and, last and most important of all, the necessary linkage between the technical assistance to be provided and the verifiable capacity to meet the new obligations.

54. In order to rationalize the delivery of technical assistance and capacity-building in the area of trade and transport facilitation and in response to the call in annex D of the WTO 2004 “July Package” for “collaborative efforts”, UNCTAD continues to be engaged in promoting cooperative mechanisms that involve both public and private sector institutions. The inter-agency cooperation scheme instituted by the High-Level Committee on Programmes aims at coordination among UN institutions and related agencies, while the Global Facilitation Partnership follows a broader approach to cooperation and involves all stakeholders in the area of trade facilitation. The combination of these institutional arrangements reflects the present and future need to involve as wide a range of actors as possible in the efforts to support the negotiating process as well as the implementation of the results thereof.

55. The implementation of trade facilitation measures is closely linked to the provision of adequate technical assistance and support to capacity-building. To be effective, such provision depends on three key factors. The first of these is the national coordination of the institutions that will receive the technical assistance, taking into account the fact that trade facilitation is a cross-cutting issue involving a variety of national governmental agencies and institutions, as well as national private sector interests. The second key factor is the coordination between international funding institutions and donor countries. The third factor is the capacity of neighbouring countries to develop a regional vision of the benefits of establishing regional synergies through better use of technical assistance programmes, for example by ensuring coherence among technical assistance programmes in a regional perspective.

56. The changing international legal and regulatory framework also has important implications for countries’ development. Ongoing work in UNCITRAL aimed at the harmonization of liability regimes for maritime transport and related door-to-door operations will affect all international trade and transport partners, including of course developing countries. As this impact will be particularly pronounced for small and medium-sized enterprises engaged in foreign trade, it is essential that developing countries, whose trading communities largely consist of such enterprises, participate actively in these negotiations.

57. Furthermore, the evolving transport security environment will continue to have a bearing on transport providers and users and shape world trading and transport systems, including those of developing countries. In this regard, UNCTAD can be expected to continue, in collaboration and consultation with relevant international organizations, to monitor developments in the field of transport security and analyse their implications for developing countries.

58. These issues, particularly those related to trade facilitation, will continue to play a dominant role in the development process. Thus, they warrant in-depth analysis by future expert meetings of UNCTAD with a view to determining policies and strategies for maximizing their potential benefits to developing countries.

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