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OECD REGIONAL FORUM ON TRADE FACILITATION: MAXIMISING THE DEVELOPMENTAL BENEFITS OF TRADE FACILITATION

A joint event organised by the OECD Trade and Development Co-operation Directorates, in collaboration with the Government of Cameroon

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TABLE OF CONTENTS

EXECUTIVE SUMMARY 2

BACKGROUND 5

SESSION I. THE ECONOMICS OF TRADE FACILITATION 6

SESSION II. DEVISING POLICY RESPONSES: NEEDS ASSESSMENT, CAPACITY GAP ANALYSIS AND IMPLEMENTATION OF REFORMS..... 9

SESSION III. IMPLICATIONS FOR WTO NEGOTIATIONS: MATCHING COMMITMENTS AND CAPACITIES..... 11

SESSION IV. DESIGN AND DELIVERY OF EFFECTIVE ASSISTANCE FOR SUSTAINABLE CAPACITY BUILDING 13

SESSION V. FUNDING AND CO-ORDINATING TECHNICAL ASSISTANCE AND CAPACITY BUILDING FOR TRADE FACILITATION 16

SESSION VI. REVIEWING PROGRESS: MUTUAL ACCOUNTABILITY FOR RESULTS 19

SESSION VII. SUMMING UP AND WAYS FORWARD..... 20

EXECUTIVE SUMMARY

The OECD Regional Forum on Trade Facilitation, held in Yaoundé, Cameroon, on 27-28 September 2006, was undertaken as part of the effort by the OECD to respond to the invitation extended by WTO Members to “...assist Members in (the) process ... of identifying individual Members’ trade facilitation needs and priorities and the cost implications of possible measures” and to ensure that technical assistance and capacity building for trade facilitation is effective, operational and coherent, as set out in Annex D of the WTO July Package and Annex E of the WTO Hong Kong Ministerial Declaration.

The event brought together a wide range of public and private sector stakeholders involved in trade facilitation in Western and Central Africa, namely, delegates involved in WTO negotiations; policy makers and practitioners engaged in trade facilitation reforms on the ground; donors and multilateral and regional agencies providing assistance for trade facilitation; and private sector stakeholders contributing to reforms.

The Forum allowed for a frank discussion of numerous issues that remain unresolved since the suspension of the WTO negotiations on trade facilitation. The discussions highlighted the following key points:

- Trade facilitation reforms can have important benefits for development, by helping stimulate trade and foreign direct investment, improving the collection of trade taxes and combating fraud and corruption. It can bring benefits to the government, the private sector and consumers.
- These benefits can be maximised when reforms are undertaken as part of a longer-term and comprehensive modernisation and development strategy, underpinned by sustained political will, broad-based commitment for reform and adequate financial and human resources. The implementation of a future WTO Agreement, which is likely not to bear high costs for most countries (due to the limited scope of the negotiating mandate), should thus be considered as a first step of continuous effort to facilitate trade. Furthermore, it should be accompanied by other reforms that can help improve a country’s trade environment and international competitiveness, in order to maximise the benefits for development.
- Developing countries face considerable challenges when they are participating in overlapping bilateral, regional and global arrangements to facilitate trade. There is a need to foster interaction between partners at these levels in order to avoid duplication and sometimes contradictory priorities. Regional approaches to trade facilitation are in many cases particularly adequate and should be supported by donors.
- Developing countries need to actively involve, and co-ordinate the efforts of, multiple stakeholders in order to design, implement and finance effective trade facilitation reforms. These stakeholders might include relevant governmental authorities (*e.g.* Customs/Ministry of Finance, Ministry of Transport, Ministry of the Interior), the private sector, donors and regional organisations.
- The WTO mandate on trade facilitation represents the first attempt to link WTO commitments with the delivery of technical assistance and capacity building. Donors have provided significant funding for technical assistance and capacity building for trade facilitation since 2001 (USD 828 million from 2001-2004). They could enhance the impact of their efforts by taking better account of the core principles of the Paris Declaration for Aid Effectiveness (*i.e.* by supporting partner country ownership, improving donor alignment and harmonisation around country strategies, adopting a results-based management approach and ensuring mutual accountability for results). In addition, donors should aim to better link their trade facilitation support to complementary development assistance programmes. In

this regard, it might be useful to establish greater synergies between discussions on technical assistance and capacity building for trade facilitation and the broader aid for trade discussions.

- Customs experts and aid agents working in the field should better communicate with their delegates at the WTO negotiation group. This will help to ensure that representatives at the WTO are aware of the needs and ongoing reforms and aid programmes at field level.
- Developing countries and donors need to define performance indicators and put in place monitoring and evaluation systems at individual country level and at the WTO, in order to ensure mutual responsibility for achieving progress and strengthening capacities in the area of trade facilitation.

Most participants agreed that the suspension of the WTO negotiations provides an opportunity to further examine the proposals currently tabled at the WTO, assess their capacity to implement these and identify other issues they would like to see addressed in the WTO.

BACKGROUND

1. The OECD Regional Forum on trade facilitation was held in Yaoundé, Cameroon, on 27-28 September 2006, organised by the OECD Development Co-operation and Trade Directorates in collaboration with the Government of Cameroon. It was undertaken as part of the effort by the OECD to respond to the invitation extended by WTO Members to “...assist Members in (the) process ... of identifying individual Members’ trade facilitation needs and priorities and the cost implications of possible measures” and to ensure that technical assistance and capacity building for trade facilitation are effective, operational and coherent as set out in Annex D of the WTO July Package and Annex E of the WTO Hong Kong Ministerial Declaration.

2. The event was held to exchange lessons learnt from practical experiences with trade facilitation reforms and related donor assistance. It also aimed at fostering a national and regional dialogue around core policy and operational issues related to the WTO negotiations and, more generally, to trade facilitation reforms and donor assistance. An additional objective was to discuss OECD work on trade facilitation with non-OECD member countries. More than 100 public and private sector stakeholders involved in trade facilitation in Western and Central Africa participated in the event. These stakeholders included delegates involved in WTO negotiations; policy makers and practitioners engaged in trade facilitation reforms on the ground; donors and multilateral and regional agencies providing assistance for trade facilitation; and private sector stakeholders contributing to reforms.

Welcoming and opening remarks

3. The event was opened by the Cameroon Deputy-Minister of Economics and Finance, **H.E. Lazare Essimi-Menye**, who emphasised the relevance of the theme of the event to the Western and Central African region. The Minister reminded that, on the one hand, trade facilitation can stimulate trade and foreign direct investment by reducing trade transaction costs, and also improve the collection of trade taxes and reduce incentives for smuggling and corruption. This benefits the society as a whole by stimulating economic growth and development. On the other hand, some trade facilitation measures may be costly to implement in countries with limited financial capacity and technical capabilities. From this perspective, the Minister stressed the need for technical assistance and capacity building activities in the region to enable local Customs Authorities to cope with future commitments, and welcomed the effort by the OECD to avail its expertise and resources in order to support the WTO negotiations and future enforcement.

4. **Mr. Anthony Kleitz** from the OECD Secretariat expressed gratitude to the Cameroon Government for its commendable organisation and excellent support in preparing the event. He noted the significant headway that has been made in all relevant areas of negotiations in the WTO Negotiating Group on Trade Facilitation (NGTF), allowing Members to move from ideas and concepts to text-based proposals that will form the basis of a future agreement. Progress has been made not only relating to GATT articles V, VIII and X but also on technical assistance and capacity building and special and differential treatment. This constructive atmosphere has so far been preserved following the suspension of negotiations in July 2006 and there is a real window of opportunity to move forward in the NGTF if negotiations were to resume.

SESSION I. THE ECONOMICS OF TRADE FACILITATION

5. According to *Ms. Evdokia Möisé* from the OECD Secretariat, decades of experience clearly show that customs modernisation requires sustained effort, including top-level political commitment and investment in infrastructure and human capital. Empirical research shows that those countries that have managed to get it right can achieve significant savings in terms of customs personnel and increase government revenue by more effective collection of trade taxes and reductions of fraud. However, previous experiences also indicate that reform measures should be implemented in a sequenced manner rather than as fragmented initiatives. Importantly, a prospective WTO Agreement on trade facilitation clarifying relevant aspects of Articles V, VIII and X of the GATT is unlikely to generate significant costs.

6. Transparency measures are particularly helpful to traders and require limited resources. Pre-arrival customs clearance requires significant investment in automated systems but these systems, which depend on the establishment of local expertise, reduce labour-intensive work that can be allocated to more productive activities. Risk assessment tools have several merits in reducing inspection operations and tackling fraud. At the same time, risk assessment requires investment in infrastructure. The net benefit of risk assessment can still be significant over time if managed by well-trained customs officials. Several African countries, including Senegal, Morocco, Tanzania and Zambia have successfully managed to reduce their inspections deemed risk-free thus freeing up human resources for more essential tasks. In addition, the costs of single windows, which have many merits, vary based on how ambitious they are. They also require close cooperation among all the stakeholders involved.

7. *Ms. Anne-Marie Geourjon* from the International Monetary Fund (IMF) argued that the rapid growth in international agreements such as those in the WTO and the Revised Kyoto Convention, regional integration agreements covering trade policy, new security requirements and increasing expectations by the private sector have all had the effect of increasing the workload on Customs Authorities. Arguably the only way of tackling these external challenges is to modernise Customs operations and to align Customs Authorities' tools and working habits with best practises. The practical challenges facing Customs Authorities relate to the adoption of transparent and adequate legislation; implementation of simple yet modern customs procedures; development of effective tools to reduce the time for physical inspection and post-clearance inspection; and design effective programmes to tackle fraud.

8. Case studies prepared by the WCO, IMF and the World Bank suggest that the enforcement of minimum provisions in a WTO Agreement on trade facilitation will not require much additional technical assistance and capacity building, but is also unlikely to guarantee *per se* an effective facilitation of cross-border procedures. The reason is that effective implementation of the proposed mechanisms cannot be guaranteed if undertaken as isolated improvements rather than comprehensive modernisation. A WTO Agreement on trade facilitation is a real opportunity to launch a common modernisation process leading to a sustained move towards best practises and considered as a first step of a continuous effort to facilitate trade.

9. *Mr. Martin Abega* from the Groupement Interpatronal du Cameroun (GICAM) noted that Africa was slowly joining the globalisation train but growth was fragile, integration weak and the region faced several challenges. There is scope to make better use of trade preferences and further progress towards

regional integration. As an example on integration he presented the Economic Community of Central African States (CEEAC) which has a low level of regional economic integration but where intra-regional trade has recently picked up. Trade facilitation is only one, yet important, piece in a larger strategic puzzle to help enhance the private sector's competitiveness, diversify and accelerate exports and thus stimulate economic growth and development. The region needs to invest more in its private sector and build export capacity. One way is to sign economic partnership agreements and form a closer partnership between the private and public sectors.

10. Trade is seen as an important way forward to alleviate poverty in the medium and long-term. However, trade facilitation will not prosper unless there are wider reforms which endow Cameroon with quality infrastructure (*e.g.* roads, ports and telecommunication networks). Other priorities should be to create an export promotion agency; develop the financial sector; allow regional labour migration; create regional institutions for standardisation of certificates; reform regional payment systems and work for the implementation of an automated single window.

11. The final speaker, **Mr. Ibrahima Diagne** from GAINDE, presented the key lessons from Senegal's experiences with trade facilitation and its single window system *Orbus*. Rather than having all relevant institutions communicating between themselves, like the Treasury, Customs Authority, banks, control agencies, transit operators and economic agents, Senegal's *Orbus* system functions as a single-stop shop to them all. However, a single window is a considerable challenge to establish and some of the lessons learnt from Senegal indicate that it takes effective leadership, high-level political commitment, partnership with the private sector, alignment with international standards, close coordination with relevant stakeholders and gradual implementation to succeed. The Customs Authority needs to feel ownership of a single window project and fend off prospective interference in its objectives by external agents. The creation of a private management entity can also aid the establishment.

12. *Orbus* handles commercial transactions, information exchange and administrative formalities and results indicate that customs clearance time via *Orbus* is coming down quickly. More than 30 percent of trade transactions passed through the system at the beginning of 2006. Future challenges are to offer electronic payments and implement *Orbus* in all the country's Customs offices. The GAINDE team also works on international standardisation issues and aims to enable *Orbus* to interact with foreign systems. A modified version of the *Orbus* system has successfully been implemented in Kenya under the name SIMBA.

13. The Chair, **H.E. Antoine Manga Massina** from the Cameroon Customs Authority, identified several constraints of particular importance in the Western and Central African context. These included multiple document procedures; excessive red tape; lack of cooperation between state entities and between customs administrations; lack of transparency and capacity constraints. Corruption was singled out as a particularly serious concern.

14. The discussion following the presentations highlighted a number of key points. First, participants generally agreed that the economic benefits of trade facilitation were significant and relatively well understood. Trade facilitation is essential for African countries to enjoy the benefits of globalisation. The numerous empirical studies that are available have contributed to this awareness. Previous experiences on Customs agreements also show that proper implementation of a prospective new agreement is paramount if it is to deliver the expected benefits.

15. Second, a prospective WTO agreement on trade facilitation is not likely to entail large investments in capacity by developing countries. A well targeted revision of GATT Articles V, VIII and X can make a useful contribution in addressing some of the issues affecting cross-border trade in the region. However, adequate technical assistance and capacity building initiatives need to be put in place since some

African countries have limited means and resources to implement new procedures required from a prospective WTO agreement.

16. Third, it was repeatedly noted that the regional challenges in Western and Central Africa go way beyond the current scope of the WTO negotiations. The link between Customs and transport issues was emphasised and transit corridors for remote areas and land-locked countries were suggested as a way forward to address transit issues. A more comprehensive reform package is needed in the region to deliver an effective reduction in trade transaction costs which plague traders. A WTO agreement on trade facilitation could provide the opportunity and necessary impetus for governments in the region to invest in infrastructure and implement best practises.

17. Fourth, the importance of closer cooperation between Customs Authorities and the private sector was also emphasised. This relation needs to be nurtured and go hand in hand in the development process of trade facilitation. This would help to effectively address some, but far from all, of the more critical supply side constraints facing the private sector. Cooperation should further be promoted to include all major stakeholders in order to achieve a comprehensive programme guaranteeing a high level of ownership.

18. Fifth, customs reform requires sustained effort, resources and top-level political commitment, investment in human resources and development of local expertise, upgrading of infrastructure, alignments with international standards and best practises and close cooperation with key stakeholders, including the private sector and donors where relevant. Reforms should link up with wider government reform programmes.

19. Sixth, some discussants argued that harmonisation of customs requirements would benefit the region. While regional integration should be a priority, several questions remain on how to develop a regional initiative and how to define the role of the private sector in such an initiative. Positive experiences in countries like Senegal and Peru – which both have developed cost-effective and sophisticated systems, subsequently rolled out to neighbouring countries – show that high ambition coupled with limited resources can produce significant results. Several suggestions were offered regarding regional cooperation. Among these, participants pushed the ideas of regional needs assessments and gap analysis for trade facilitation; the importance of using international standards in regional harmonisation of data and procedures; and the need of single window systems to widen their scope to address transit issues.

20. Finally, the discussion also covered issues that Governments have faced when implementing reform programmes and in adopting new tools like risk assessment, single windows systems and automation. Cameroon was facing difficulties in migrating its single window system to an electronic system. One of the main challenges in this process is to get all stakeholders to pull in the same direction. The Senegalese Orbus team had discussed migration of their system to other Western and Central African countries but modifications were necessary since each country has unique requirements. Single window systems, while highly appreciated by traders, can potentially be costly and ECOWAS is currently considering building a regional model of a one-stop shop.

SESSION II. DEVISING POLICY RESPONSES: NEEDS ASSESSMENT, CAPACITY GAP ANALYSIS AND IMPLEMENTATION OF REFORMS

21. The second session examined existing tools for identifying developing country needs and priorities in trade facilitation and for assessing capacity constraints. It also reviewed some practical country experiences and lessons learned with assessing needs, priorities and capacity gaps, and steps taken to formulate coherent reforms.

22. According to the Chair, *Mr. Frans Lammersen* from the OECD Secretariat, comprehensive needs assessment is paramount to the effective implementation of a prospective WTO agreement on trade facilitation. The current WTO mandate for trade facilitation is unique in that there is an explicit link between WTO obligations and donor commitments to provide assistance. Governments have realised that market access is not a sufficient criterion to ensure integration of developing countries in the global economy. Market access commitments need to be complemented by initiatives to build capacity on the supply side. This is important to the wider WTO agenda on Aid for Trade – and trade facilitation is part of that agenda. The outcome of trade facilitation negotiations could thus serve as an important example on how to operationalise Aid for Trade.

23. *Mr. Thierry Piraux* from the World Customs Organisation (WCO) argued that there are a number of conditions that are particularly conducive to building Customs capacity. There is a need for a long-term political determination to commit sufficient resources in a reform programme. The quality and availability of operational manpower together with a stable and efficient judicial structure are also important in addition to an environment conducive to change. A needs assessment programme should cover a comprehensive analysis of the customs environment, including everything from governance and external cooperation to logistics and information systems. At this point in time, the short-term priority of developing countries and least developed countries should be to focus on strengthening their participation in the trade facilitation negotiations and focus more on the implementation issues later on.

24. Developing countries would benefit from analysing each WTO proposal on an individual basis and evaluate its necessity/contribution and the challenges related to implementation. In this way, governments can decide what proposals to support or reject and identify what proposals that require technical assistance and capacity building support. A number of initiatives, including the WCO Self-Assessment Checklist for Articles V, VIII and X [WTO document TN/TF/W/16], WTO's Self-Assessment Questionnaire and Inventory [TN/TF/W/59] and the World Bank's WTO Trade Facilitation Negotiations Support Guide [TN/TF/W/51], provide input and guidance to countries on how to proceed with self-assessment. WCO is in the process of developing guidelines to help members identify their needs and to adequately fill in WTO's self-evaluation questionnaire. Another useful tool is the WCO time-release studies which Japan has made extensive use of in its effort to address bottlenecks and inefficiencies related to borders and customs clearance.

25. *Mr. Régis Brieu* from the ADETEF noted the significant benefits that an improved Customs environment can bring for both governments and domestic industry. A WTO agreement would well complement other mechanisms such as the revised Kyoto Convention, which aims among other things to accelerate customs clearance, to harmonise customs procedures and to enhance transparency in order to improve security in trade. There has also been progress in the African free trade zones like CEMAC and COMESA; customs unions like UEMOA and CEDEAO; and the many economic partnership agreements available.

26. His analysis of the African Customs environment was similar to the messages of previous speakers and related to the need of adequate legal and judicial systems, public-private partnership and other operational structures conducive to reform. The Customs Authority is often affected by political

pressure, which makes rules less stringently applied. A number of reforms based on international best practises could significantly improve the effectiveness of local Customs Authorities, for example by reducing the number of documents required to send goods between Western and Central African countries. The statutory process to implement regulations and limited institutional capacity are main issues that the countries in the region need to address.

27. **Mr. Norbert Belinga** from the Cameroon Customs Authority then presented the experience of his administration, its activities to facilitate trade in the country's ports and the development of its single window system, including the transit window for other countries in the Central African region. This is supported by the creation of a special Committee (FAL), which conducts studies on how to facilitate trade by simplifying port and customs procedures, formalities and documents.

28. A recent initiative is the creation of a single window system in the Port of Douala for the transit of goods to the Central African Republic (C.A.R.). The single window system is used to collect information of physical cargo and prepayment of tariffs, fees and port charges. Checkpoints are being established along the route to C.A.R. to control the movement of goods in transit. This system is dependent on an information communication and technology (ICT) backbone that facilitates the exchange of information between the Cameroon and C.A.R. officials. They have also invested in a new scanner of shipping containers in the Port of Douala and the migration from the previously implemented PAGODE system to UNCTAD's automated system ASYCUDA ++. The Cameroon Customs Authority has also adopted risk assessment tools and WTO's guidelines for customs evaluation. In an effort to tackle corruption, the Customs Authority has taken the drastic measure of rating/ranking Customs officers to allow traders to identify competent Customs officers to handle their administrative procedures for border crossings.

29. The debate in Session II covered a wide range of topics and lessons learnt. First, several participants emphasised the challenge of raising the ambition on trade facilitation and how to effectively secure political will for the reform process. Addressing ethical challenges (*e.g.* fraud and corruption) is of particular importance since failure to address them has compromised a number of reform programmes. Western and Central African countries have much to gain from being more offensive on trade facilitation in WTO negotiations and there is room for less reactive and more proactive initiatives.

30. Local trade and customs experts have the opportunity during the current suspension of the negotiations to enhance their preparedness by effectively evaluating the different proposals that are currently on the negotiating table and decide how these could be best implemented and what technical assistance and capacity building needs they would entail. A serious challenge also relates to sustained support and continuous investment in reform agendas since several programmes have been negatively affected by changing priorities and support over time. Trade facilitation should be part of a larger reform programme where investment is directed to build expertise and to upgrade procedures of customs authorities.

31. A common concern related to the most appropriate way for operationalising needs assessment. However, as was repeatedly pointed out, adequate tools provided by the WCO and multilateral organisations like the World Bank, WTO and UNCTAD are already available to assess the needs for capacity enhancement. These tools have continuously been improved as more expertise has been built into the process. Experiences with WTO's assessment questionnaires revealed some practical challenges, such as identifying the appropriate civil servants to provide the necessary input.

32. Third, while Customs reform programmes in countries like Cameroon are commendable, several participants argued that there are many other pertinent issues related to the trade environment. Areas where improvements are urgently needed include the road networks, utility services and warehouse infrastructure.

African Customs Authorities also need to design effective trade facilitation programmes for their huge informal sector, which is often made up of traders that are difficult to track down or contact due to their mobility and lack of permanent addresses. More comparisons of country experiences in the Western and Central African region on how to address issues related to corruption, fraud and remuneration are also in high demand.

33. Fourth, the need for upgrading the environment for traders clearly extends to challenges outside the scope of the WTO mandate on trade facilitation. Yet some basic principles to facilitate trade could be adopted in the multinational framework. Core principles such as the simplification of documents, the reduction of the number of administrative procedures and the payment of customs officers on time can make a real difference. Importantly, technical assistance and capacity building that are committed to developing countries in a prospective WTO agreement on trade facilitation will target capacity constraints related to the scope of such an agreement. Implementation of a possible WTO agreement will not be especially costly; however, maximising the benefits of trade facilitation requires a much broader scope of reform and investment in road networks, infrastructure, telecommunications etc. And this is not the scope of negotiations. Nevertheless, there are other useful trade facilitation mechanisms such as the Revised Kyoto Convention, which provides for the simplification, harmonisation and modernisation of Customs procedures that can have a positive impact if properly implemented.

34. The Chair concluded that the session had clarified two issues on the debate of devising policy responses. First, ownership and sustainability of the reform process to facilitate trade depends first and foremost on political willingness. Governments need to make trade an important element of their economic growth strategy, which should be designed with broad stakeholder involvement. Second, instruments to measure capacity gaps and assess needs are widely available from international organisations such as the WCO, WTO, World Bank and UNCTAD. During the WTO negotiation process, countries must continue modernising their customs procedures and not lose sight of the need to continue professionalising the Customs Administration and improving their institutional operations.

SESSION III. IMPLICATIONS FOR WTO NEGOTIATIONS: MATCHING COMMITMENTS AND CAPACITIES

35. The third session was a roundtable discussion of the issues considered in Sessions I and II and their implications for WTO negotiations on trade facilitation. The aim was to identify the ways and means for ensuring that developing country commitments in the area of trade facilitation match their institutional capacities.

36. *Mr. Jonathan Claridge* from the European Commission noted that the negotiating modalities for a WTO agreement on trade facilitation provide for Special and Differential Treatment extending beyond traditional transition periods and link the extent and timing of commitments to implementation capacity. This is breaking new ground in the history of WTO negotiations. Special provisions for least developed countries will take account of individual development, financial and trade needs, and administrative capacity. Funding for technical assistance has already increased sharply for trade facilitation activities. In 1996-2003, the World Bank lent US\$ 300 million while in 2004-2006, the amount was more than US\$ 1 billion. There is an ongoing effort to improve technical assistance in the area of trade facilitation and stakeholders investing in this process include the EC, UNCTAD, WCO, WTO and many bilateral donors. For the EC, trade is a development priority and trade facilitation and Customs are prioritised areas. EC assistance programmes for trade facilitation programmes are currently being implemented in Africa and funding for such programmes will increase in the near future. They stimulate regional integration – something the EC promotes – and generate lessons related to facilitating regional trade that can be passed on to partner countries in Western and Central Africa.

37. A proactive agenda for African countries could include initiatives to make better use of flexibilities offered in the DDA mandate, to seek WTO commitments from neighbouring countries, and to request more effective technical assistance. A particular advantage of the WTO negotiations is that they can be leveraged for domestic reform and to secure funding. There is also scope for African countries to raise the priority of trade facilitation in their trade and development strategies but thorough needs assessment is crucial to identify the essential areas on which to focus resources. Developing countries must buy into the process and invest the necessary effort to identify the needs so they can implement tailor made programmes. To enable this type of development, African Customs Authorities need to contact their trade negotiators in Geneva to further their stand and communicate their effort and progress. The submissions in the WTO on SDT rules may differ in substance but emphasise the importance of self-assessment of each country's needs and priorities and that technical assistance is key for supporting process and implementation.

38. **Mr. Koffi Gnakadja** from the Secretariat of the West African Economic and Monetary Union (UEMOA) argued that reforms to liberalise intra-UEMOA trade have had a relatively limited impact to date. Between 1996 and 2004, intra-regional imports as a share of total imports increased from 7 percent to 11 percent while the share of intra-regional exports to total exports shifted from 12 to 14 percent. The UEMOA has had a mild trade diversion effect since total trade has dropped somewhat over that time. Key challenges in the regional trade environment concern non-tariff barriers such as administrative procedures and roadblocks. The UEMOA is proposing reforms covering the creation of a common code for intra-regional investment; the construction of common border posts; free circulation of workers; the right of establishment; and the implementation of a trade facilitation plan to improve the situation for traders.

39. The UEMOA Secretariat is also currently evaluating the prospective implementation of a web-based single window system. Several countries are being assessed with a view to adopt realistic individual action plans. The country studies will allow UEMOA to propose trade capacity building initiatives and cooperation with important stakeholders like the Ministry of Trade, Chambers of Commerce, Police Authority, Customs Authority, army and the transport security body. Enhanced regional cooperation on trade facilitation is also proposed together with ECOWAS.

40. **Mr. Eloi Laourou** from the Permanent Mission of Benin to the WTO noted that WTO members agree that there are significant mutual benefits from trade facilitation and a large interest in the topic from consumers, the private sector and governments. Regional traders call in particular for simplified formalities, procedures and documents; single window environments at Customs, risk assessment, computerisation, harmonisation of customs procedures and documents based on international standards.

41. The commitment by developed WTO members to support developing countries through technical assistance and capacity building measures is a crucial element of the negotiating process. This commitment significantly reduced initial hesitations about negotiating an agreement on trade facilitation at the multilateral level. There is general convergence on some issues in the proposals on SDT, especially on self-assessment, but there are diverging views with regard to notifications and how to consolidate technical assistance that still need to be further debated. There may be different needs in developing countries and least developed countries and it is time for these countries to identify their needs and priorities in order to agree on how to progress with the SDT modalities.

42. The Chair, **Mr. José María Rubiato** from the UNCTAD Secretariat, noted that the suspension of the WTO negotiations on trade facilitation came at a time when important progress had already been achieved by the NGTF. WTO negotiations had taken place in a positive atmosphere, with real momentum, and trade facilitation was one of the most promising areas of the Doha Development Agenda. There were attempts to reactivate the negotiations and informal negotiations could start if WTO members were to allow it. The ensuing debate touched on common concerns, in particular the fact that a prospective WTO

agreement on trade facilitation needs proper implementation to make any difference to traders. Many developing countries have a mixed record of implementing WTO provisions, even when enjoying SDT, and there is a price to pay for countries that fail to comply. However, challenges related to regional cooperation and implementation of trade facilitation measures affect OECD countries as well as developing countries.

43. The suspended WTO negotiations should also be viewed as an opportunity to examine in more detail the different proposals on the table. New research needs to focus on the implications of the different proposals tabled in Geneva. Developing countries that intend to demand technical assistance should start conducting self-assessments of their current institutional capacity related to customs. The discussions on how to design SDT provisions would be greatly facilitated if more developing countries had self-appraisal results of their needs and capacity gaps. Such studies would also be very well received by donors that are increasingly willing to help fund technical assistance and other trade facilitation initiatives. More African countries could raise the priority of trade facilitation in their trade and development strategies to receive external funding and expertise offered for their customs reform programmes.

44. An additional issue concerned the expected outcome of a WTO agreement on trade facilitation and the experiences that other developing countries have had with customs modernisation, in particular the references made to countries that had increased customs revenue following customs modernisation projects with tariff cuts. Best practises in customs operations cover effective tools that help to speed up customs clearance, improve customs evaluation and detect fraud. Successful implementation of such practises has in many instances resulted in a rise in trade flows, which generate a larger base on which to extract trade taxes. Risk assessment tools also reduce the need for physical inspections and produce targeted inspections which are more effective in detecting under-evaluation and fraud.

45. There were also repeated appeals for Customs Authorities to better inform their trade negotiators in Geneva of their trade facilitation interests. These are not only of a defensive nature and governments in the region would benefit from asserting their significant offensive interests, *e.g.* with respect to regional and South-South trade relations.

SESSION IV. DESIGN AND DELIVERY OF EFFECTIVE ASSISTANCE FOR SUSTAINABLE CAPACITY BUILDING

46. The fourth session discussed how partner countries can encourage bilateral donors, multilateral organisations and regional agencies to collaborate in order to ensure that technical assistance and capacity building for trade facilitation is “...*precise, effective, and operational...*” and “...*reflect the trade facilitation needs and priorities of developing countries and LDCs...*” as called for in Annex E of the 2005 WTO Hong Kong Ministerial Declaration.

47. *Ms. Caroline Lesser* from the OECD Secretariat showed that technical assistance and capacity building for trade facilitation more than tripled between 2001 and 2004. Noticeably, lower middle-income countries received almost two-fifths of this aid while the group of least developed countries received only 16 percent. In sub-Saharan Africa, aid for trade facilitation was in the 2001-2004 period predominantly directed to a handful of countries and a main reason for this selective allocation is that partner countries need to explicitly include trade facilitation as an essential element in their trade strategy and in their Poverty Reduction Strategy Papers (PRSPs) which are used for negotiations with donors.

48. The demand for technical assistance typically stems from countries’ interest in modernising their Customs Authorities as part of a plan to increase domestic revenue collection and enhance their international competitiveness. Increased demand also stems from bilateral and regional integration programmes, corridor and transit agreements (which often involve transport infrastructure programmes)

and an increased awareness following the discussions in the WTO. In addition to supporting trade facilitation, many donors encourage the development of trade capacity by supporting export industries and initiatives to improve the overall business climate and by supporting the integration and participation of developing countries in the multilateral trading system. Furthermore, almost half of the aggregate US\$ 15 billion 2004 aid budget for the development of economic infrastructure was directed to developing transport and warehousing infrastructure – much of it in least developed and other low income countries. Aid for trade facilitation is likely to continue to increase in the future in line with WTO's recommendations on Aid for Trade and the predicted scaling up of total Official Development Assistance (ODA).

49. However, aid strategies for trade facilitation need to be effective. Governments can improve aid effectiveness by adhering to the basic principles of the *Paris Declaration on Aid Effectiveness*. It commits donors and partner countries to strengthen country ownership and improves alignment around country strategies, donor harmonisation and results-based management of reforms and aid programmes. The objective is to encourage an enhanced partnership between donors and partner countries, improve monitoring and evaluation at country and international (WTO) levels and ensure mutual accountability for results. Past evaluations of aid programmes highlight the importance of conducting an accurate needs assessment, selecting appropriate donors and aid modalities, improving donor coordination and complementarity and ensuring a long-term engagement and support. They also emphasise the benefits of adopting approaches that involve the private sector and are conducted at regional level. In the future, LDCs will need to consider trade facilitation as an integral part of their development strategy and reflect it in national development and poverty reduction plans. Donors will need to better link their trade facilitation support to other development assistance programmes (which aim to tackle related constraints) and make it an integral part of their country/regional aid strategies.

50. **Mr. Evariste Munyampundu** from the Rwanda Revenue Authority then noted that for a land-locked country like Rwanda, trade facilitation is crucial for development. Rwanda is one of the countries that have declared trade facilitation to be a key element in its strategic development plan and has benefited from a programme sponsored by the UK Department for International Development (DFID) that offered technical assistance and funds for administrative capacity building. The initiatives have mainly focused on modernising the Customs Authority by investing in IT infrastructure and training of customs officers abroad. A training centre has also been established in Rwanda for the training of new customs personnel and professionals working with trade policy and legislative issues. The investment in technical assistance to reinforce human capital is crucial for making good use of improved infrastructure.

51. There are large benefits to obtain from enhancing regional cooperation in trade facilitation and adopting a regional approach to technical assistance in Western and Central Africa. Regional cooperation helps the donor community to allocate resources more effectively and to take advantage of the significant synergies in addressing multiple partner countries. The partner countries also stand to gain from more regional trade, smoother exchange of information due to interoperability of IT systems, and harmonized rules and regulations. Several countries are addressing trade facilitation issues regionally. An example is the cooperation between Rwanda and Uganda with the establishment of an interconnected ASYCUDA ++ system and a one-stop border centre. Rwanda passed a new Customs Act in July 2006 and is reducing customs fees and charges, monitoring non-tariff barriers, augmenting transparency in border procedures and targeting transit issues to reduce delays and related trade transaction costs. The initiatives by the Rwandan Government, the partnership with donors and the regional border cooperation have helped Rwanda increase its income from border taxes from FRWS 62.3 billion in 2000 to FRWS 150.3 billion in 2005.

52. **Mr. Mark Pearson**, formerly with the COMESA Secretariat, also emphasised the importance of regional-level partnerships in trade facilitation activities. The Principles of the Paris Declaration encompass the crucial ingredients for an effective partnership and should be applied to all donor-financed

programmes. In Sub-Saharan Africa, there is recognition at the regional level that trade transaction costs need to be reduced to boost productivity and economic growth, which are crucial for poverty reduction. Based on past experiences, these costs can be reduced by improving transparency and introducing better management practises in existing systems; using technical assistance and capacity building to support the development of new systems and legislation, and enhancing trade-related infrastructure to alleviate supply-side constraints. These issues are best addressed through a partnership approach at the regional level.

53. However, there is already a large number of regional initiatives implementing trade facilitation programmes and the challenge is to minimise duplication. There is particular need for donors to assist Sub-Saharan African countries by adopting a holistic strategy, *i.e.* by attempting to tackle inter-related issues rather than addressing individual issues. While the Revised Kyoto Convention provides a useful benchmarking tool for trade facilitation issues, new instruments such as the Single Administrative Document, time release studies and the WCO data model have been developed to enhance benchmarking further. COMESA is implementing these instruments in its operating procedures of the union.

54. While leading the ensuing discussion, the Chair, *Ms. Christina Rahlén* from the Swedish Ministry of Foreign Affairs, noted that the WTO mandate was rather narrow and focusing on cross-border customs issues. The objective of the WTO negotiations is to make customs clearance as rapid and transparent as possible. And the reason why there is much focus on the donor community is that it is the first time in the history of the WTO that there is an explicit mandate stating that technical assistance and capacity building will be part of any final agreement. There is seemingly a wide consensus on this conditionality both inside and outside of the WTO.

55. However, the issue of infrastructure has not been brought to the WTO. There is no indication whether infrastructure will be part of the single undertaking and whether related issues could be brought to the dispute settlement body. There is a paragraph in Annex D which states that the extent and timing of commitments have to reflect the implementation capacity of developing countries. In addition, developed countries will do their best to ensure support and assistance needed for infrastructure development, but this is not an open-ended commitment.

56. Several issues were raised during the debate. First, many multilateral organisations and aid agencies are involved in building capacity and providing technical assistance to facilitate trade. For example UNCTAD supported a number of transit corridor agreements and is currently proposing new solutions for transit corridors between Namibia and Zambia. One of the main challenges developing countries face is to coordinate and manage aid for trade facilitation at the country and regional levels. Previous experiences show the value of involving all the key stakeholders, including the private sector, regional agencies and donor agencies, and referring to coordination issues in WTO provisions.

57. Second, needs and strategies to facilitate trade should be reflected in policy documents that are used to address the implementation of the Millennium Development Goals. Millennium Development Goal No. 8 is relevant for trade facilitation.¹ The current Aid for Trade discussions might be relevant in the broader trade facilitation context but it is not the focus of the discussions in the WTO NGTF. Yet, trade facilitation could contribute to poverty alleviation by helping boost commerce, which in turn has the potential to stimulate economic growth. While there may currently be only implicit links between trade facilitation and Aid for Trade, several participants argued that there is great need to create a more explicit link in the future.

58. Third, to help raise awareness of trade facilitation issues in the WTO, African Customs Authorities need to better communicate their concerns and needs to their country's Diplomats that

1 "Address the special needs of landlocked and small island developing States."

negotiate in Geneva. Each partner country needs to conduct a thorough needs assessment in view of developing an action plan for reform, which developed countries can then support. Particular areas of concern to the countries in the region regard security issues, technical barriers to trade and lack of transparency.

59. On the positive side, there are more and more resources available for countries that want to invest in improving their customs operations. But a serious problem is that trade facilitation issues involve so many stakeholders. Trade facilitation involves a wide range of public stakeholders, and sometimes donors. There is a risk that addressing selected issues in only one policy areas will bring limited improvement. In the broader context, attention must be paid to the environment and all the elements which the Customs answer to. Consequently, needs assessment should be comprehensive and cover all related policy issues often managed by different Ministries. In addition, needs assessment should be demand-driven in order to be effective.

60. Fourth, donor programmes supporting national development strategies, such as poverty reduction strategies, normally focus on issues and priorities that partner countries have themselves identified as constraints to development and poverty reduction. However, few LDCs have included trade facilitation action plans and reforms in national development and trade strategies. This can partly explain why LDCs receive a relatively smaller share of trade facilitation aid.

61. Fifth, several regional capacity building centres are being established to provide technical assistance. For example the COMESA region benefits from a WCO-supported centre in Rwanda, which seeks to promote instruments provided by WCO and WTO while adopting instruments developed by the regional groups. Since its recent establishment in Kigali, it has organised a number of trade workshops with focus on tackling fraud. At the Johannesburg centre, training courses have been held on the topic of customs' harmonisation. These centres need continuous support of governments and donors as they can facilitate meetings and consultations and play a prominent role in future self-assessment activities.

62. Finally, the WTO negotiations' influence is increasing in the customs realm. It may be time to establish a working group that can configure the customs work between WTO and other organisations. The Chair closed the session by emphasising that the Paris Declaration was broadly supported. In addition, she highlighted that it would be useful to establish a clearer link between the trade facilitation and Aid for Trade agendas in the WTO. Greater coordination of the many self-assessment tools would also be welcome.

SESSION V. FUNDING AND CO-ORDINATING TECHNICAL ASSISTANCE AND CAPACITY BUILDING FOR TRADE FACILITATION

63. The fifth session explored in more detail how stakeholders can best fund and co-ordinate technical assistance and capacity building for trade facilitation at field and headquarter-level (*e.g.* the Integrated Framework for Trade Related Assistance). The objective is to enhance synergies and transparency, and ensure efficient use of available resources as is called for by a number of WTO proposals.

64. The first speaker, *Mr. Matthias Meyer* from Praximondo, reasoned that a significant expertise has been built up over the years on how to coordinate aid for trade facilitation. Local success stories like the cooperation between the Senegalese and Kenyan Customs Authorities provide policy lessons to neighbouring countries which can be integrated in aid programmes for trade facilitation. There is also significant experience of trade facilitation in regional cooperation accumulated in Secretariats for regional integration like COMESA, APEC and ASEAN. Many experts and private associations have access to networks and can help establish contacts between Governments and private partners or financiers. The

single window in Ghana was funded by external donors and the resulting increase in customs revenue made this investment profitable. Senegal also benefited from funding from the private sector. Public-private partnership was crucial in the reform of the Mozambique Customs Authority, which benefited from training programmes of customs officials, and the private sector helped to establish guidelines for customs (ICC) and policies.

65. Tools offered by groups such as the WCO and the United Nations Economic Commission for Europe covering data dissemination and computerisation will be increasingly important in needs assessment. The regional training centres established by the WCO have local knowledge which is offered to reformers. Trade facilitation projects need to complement wider institutional reform. This concerns *e.g.* more general customs modernisation efforts, trade policy, private sector co-operation, and integration in the process of harmonising aid. The role of the WTO in the trade facilitation process is not only to negotiate opt-outs for developing countries that find they lack the necessary capacity to fulfil all requirements in a trade facilitation agreement, but also to develop action plans and monitoring mechanisms for implementation.

66. **Mr. Evans Marowa** from USAID Southern Africa Global Competitiveness Hub argued that the private sector has a particularly important role to play in facilitating trade and there are a number of activities that the private sector can handle. Their responsibilities include the 'advocacy role' of business friendly policies and practices; the implementation of voluntary compliance schemes with clear audit trails; self regulation with clear and enforceable codes of ethics in trade transactions; and services provision to regulatory authorities and the trade community (like Single Window and Direct Trader Input systems). The private sector is also key for investment in infrastructure and Build-Operate-Transfer (BOT) and Build-Own-Operate (BOO) models have been successfully employed in the past. Private associations can provide member services such as single enquiry points and the private sector is well suited to provide training services for both the private sector and the public sector.

67. A public-private partnership can help promote a collaborative approach in formulating the policy agenda and its implementation, which helps aligning the public and private sectors' visions of the trade environment. It can also result in a joint sense of ownership of problems and solutions, improve accountability and transparency, and enhance accessibility to public officials. These claims were backed by a number of case studies where investment in capacity building and technical assistance significantly improved performance and reduced trade transaction costs. For example, trade facilitation initiatives in the Trans-Kalahari Corridor involving the introduction of a Customs Single Administrative Document and partnership of Customs Departments reduced border post pair crossing time from 4 hours to 30 minutes and reduced under-declarations and under-evaluations.

68. **Mr. Jeffrey Cochrane and Mr. Andy Cook** from the USAID West Africa Regional Programme noted that USAID has adopted the Paris Declaration but chosen to align its trade-related aid programmes with regional rather than national objectives. There is widespread agreement among West African companies, governments and donors that national SPS services, monitoring and standards enforcement need improvement. The goal is to harmonise regional policies with international standards and to protect national production from disease and pests. USAID also aims to prepare for policy implementation by providing more training, improving laboratory capacity and investing in IT and logistics.

69. Recent findings from market surveys in the ECOWAS region show that the opportunities for West African exporters are limited in particular to plant products and commodities. And due to the lack of effective border control, there are few natural barriers to the movement of insect pests. As a result, most plant diseases and pests found in one area are also present in other areas. Many West African shipments are physically inspected or banned because importing countries do not trust documentation produced by the sending country's SPS authorities. Harmonisation of regional SPS policy is desirable because

phytosanitary services are paramount for trade in agricultural goods. African countries should seek to strengthen the capacity of national SPS services – with documentation that can withstand scrutiny by international auditors – and later work for regional harmonisation.

70. The following speaker, **Mr. Michel Bua** from the French Embassy in Yaoundé, emphasised the overall consensus regarding the general objectives and strategies for trade facilitation. The suspension of WTO negotiations will in his view neither have an immediate effect on the international effort to facilitate trade nor reduce the demand for technical assistance. The Paris Declaration documents a trend already underway which emphasises the importance of aid effectiveness, close partnerships between donors and partner country governments, and evaluation mechanisms for aid policy. Donor coordination is necessary to more efficiently manage increasing amounts of international aid. The issue of donor coordination in trade facilitation projects lends itself to the multi-level sectoral character. Trade facilitation does not only involve the Customs Authority but also the private sector, transport sector and financial sector as well as technical bodies dealing with quality standards and IT systems. These may all have different objectives and it is thus difficult to establish a direct link between trade facilitation and poverty reduction programmes. Given that trade facilitation objectives and action plans are often not present in the Poverty Reduction Strategy Papers (PRSP), donor coordination for trade facilitation projects is less of a local issue than a preoccupation of multilateral organisations.

71. The IMF and the World Bank have proposed the creation of a regional ‘Aid for Trade’ fund that could support trade facilitation projects, address regional capacity constraints and facilitate donor coordination which is often deficient. While regional assistance has many benefits, it makes alignment to national priorities and coordination at national level more difficult. There are several coordination mechanisms that could be leveraged in the case of trade facilitation, such as the Integrated Framework for Trade-Related Technical Assistance and the Joint Integrated Technical Assistance Programme (JITAP) under joint supervision of ITC, UNCTAD and WTO. The joint WTO/OECD Database can also encourage greater information-sharing and donor coordination.

72. The Chair, **Mr. Malcolm McKinnon** from SITPRO, noted that donor coordination was an intricate issue since many donors prefer the freedom to act and fulfil the objectives in their own agenda without external pressure to harmonise them. Many external consultants and experts do similar work for various donors and international organisations and this brings both a natural coordination mechanism and a risk for duplication. Several lessons were covered in the session and the ensuing debate.

73. Arguably the strongest message was the useful role that the private sector can play in cooperation with the public sector in the trade facilitation process. Previous experiences show that public-private partnerships, if properly coordinated, have contributed to the successful modernisation of customs in African countries. The private sector should not only provide input by identifying their challenges and priorities, but they can equally provide services and finance, and have the responsibility to adopt ethical trade practises.

74. The principles of the Paris Declaration on Aid Effectiveness have an important role to play in the effort to better coordinate funding and technical assistance projects. For trade facilitation to better fit into the poverty reduction agenda, it needs to be more of a priority in countries’ poverty reduction plans. This would allow trade facilitation to have a prominent role in the Aid for Trade discussions.

75. Concerning best practises on coordination, there is a wealth of expertise in regional secretariats, private organisations and donor organisations as well as from other projects put in place in the region. The regional WCO training centres can facilitate donor coordination. Trade facilitation plans must be carefully designed so they complement and fit in to existing modernisation programmes. To ensure that plans are

successfully implemented, monitoring mechanisms should be designed. In some countries, coordination may best be considered under a sector strategy.

76. Some participants questioned whether an autonomous body or structure covering all the necessary components such as single window, one stop shop, customs issues, judicial issues, authorisation and legalisation of documents etc. and which could be housed under a single roof could be a way forward in the region. This would tackle most problems in a time-effective manner and greatly facilitate cross-border trade.

SESSION VI. REVIEWING PROGRESS: MUTUAL ACCOUNTABILITY FOR RESULTS

77. The sixth session discussed how donors and partner countries best can monitor results of reforms and technical assistance and capacity building at field and at international levels. Regularly monitoring and reviewing the progress of domestic and regional reforms and donor support is essential to ensure effective capacity building in the area of trade facilitation. Such a review mechanism is also crucial in determining whether a developing country has acquired the capacity to enter WTO obligations after a certain period of time.

78. According to *Ms. Fleurette Malaka Miangozara* from the Ministry of Trade, Enterprise Promotion and Handicrafts in Burkina Faso, programmes for capacity building and technical assistance must be monitored to ensure an optimal outcome of the reform measures. First, Governments need to establish monitoring mechanisms for ground operations. This can be aided by the establishment of steering committees that evaluate and ensure that action taken on the ground are in line with the WTO commitments and single units can be made responsible for coordination and implementation of the reform programmes. Monitoring programmes of technical assistance and capacity building initiatives would serve to avoid misunderstandings or backsliding and need to be coherent with existing national development strategies. Second, existing commitments must be effectively enforced and new reform initiatives should be subject to obligatory notification procedures. Progress is best evaluated by independent experts or institutions that can use indicators related to *e.g.* transparency and predictability.

79. Third, donors and partner countries need to create a work environment based on mutual accountability: *e.g.* donors need to be transparent and cooperate with local stakeholders. Periodical reports or standardised documents can help the monitoring process and forums should be established to improve communication between customs and tax officials. Partner countries need to take action to ensure that the various stakeholders are engaged and accountable, *e.g.* by addressing multilateral issues in the Ministry of Industry, conducting monitoring and evaluation exercises in the steering committees and project coordination in the units on the ground. The private sector also needs to cooperate and adopt the agreed measures.

80. *Mr. Yao Gbevope Adzigbey* from the sub-Saharan African Transport Programme of the World Bank highlighted the large number of agreements covering trade facilitation and transportation and the weak implementation of commitments. The reasons for the poor track record of implementation are many and include inadequate institutional and legal frameworks, understaffing, corrupt practices and confusion with regards to responsibility, to name a few. From this perspective, the question is how to change the situation: how to ensure actual implementation of another agreement.

81. Developing countries need a sound trade facilitation strategy conveying top-level commitment and clear policy formulation directed towards trade facilitation (as for example in the Philippines); harmonisation and simplification of legislation and procedures; incorporation of standards into formal rules and legally binding instruments and mainstreaming trade facilitation into a development strategy. To tackle incompetent and corrupt mindsets, there is significant need for education – to continue informing and

disseminating information in simple language – and to instil a human relations policy based on meritocracy. Review and monitoring mechanisms have been implemented in different corridor policies for cargo clearance, and the establishment of independent observatories to identify and denounce bad practises are particularly useful.

82. The Chair, *Ms. Brigitte Cuendet* from the Swiss State Secretariat for Economic Affairs (SECO), argued that trade facilitation initiatives need to be demand-driven. To measure the progress in implementing trade facilitation reforms, it is necessary to elaborate adequate performance indicators and decide on who will be responsible for the evaluation. In the context of the WTO, all countries have responsibilities and a voice on the issue of implementation. Mutual accountability is key in this process.

83. A WTO agreement needs to be followed by proper development of indicators for the monitoring and evaluation mechanism. Such a mechanism could rely on independent experts at country level that would report back to a national steering committee made up of representatives of all relevant stakeholders (public and private sector and donors). At international level, the WTO could periodically review progress reports from these committees and present outcomes at high level WTO meetings. The key challenges in creating an environment of a sense of mutual obligations in this process relates to the allocation of responsibility, the evaluation of capacity improvements, the identification of agents involved in the evaluations, and the specification of obligations with respect to other WTO members.

84. The discussion highlighted the challenges with monitoring and evaluation of progress. Some participants suggested that the number of proposals submitted by a developing country to the WTO NGTF and the progress with trade facilitation reforms could serve as indicators for capacity acquisition. Most emphasised that the monitoring process at country level would need to involve the private sector. Monitoring could occur at different levels, *e.g.* at technical level (*e.g.* steering committee for customs reforms) and a more political, strategic level (*e.g.* national trade facilitation committee which would also cover discussions with donors). At the international level, the monitoring process could also include other WTO members and donors.

SESSION VII. SUMMING UP AND WAYS FORWARD

85. The concluding session of the Forum covered a large number of topics. In general, it was agreed that trade facilitation should be a goal in any country's development agenda as it can stimulate development, in particular when it is undertaken as part of a longer term and comprehensive modernisation and development strategy. Reforms to facilitate trade in the African region could greatly reduce trade transaction costs and in turn increase trade flows and improve the region's attractiveness for investment. The operation of a competent and cost-effective customs authority would also lead to more effective collection of trade taxes. Furthermore, trade facilitation can encourage better governance by helping combat corruption and fraud.

86. Yet customs administrations face significant challenges and trade facilitation cannot be achieved once and for all. It takes sustained political commitment and continuous investment to upgrade human resources and implement new infrastructure and customs procedures based on best practises. The trade and customs environments also keep changing due to changes in technology, infrastructure, trade patterns, means of transportation and security requirements. The trade facilitation debate is thus here to stay for the foreseeable future.

87. The Chair, *Mr. Anthony Kleitz* from the OECD Secretariat, concluded that participants had paid particular attention to two broad issues. The first issue related to the question of how to develop strategies with clearly defined roles and responsibilities for governments, the private sector and donors. The second issue related to the appropriate level for addressing trade facilitation, whether at the national, regional or

multilateral level, and how regional and multilateral level initiatives can best be aligned with locally owned strategies.

88. Given that WTO members need to start preparing for a WTO agreement, they should ask themselves how to make best use of the time now that negotiations are suspended; how to advance on self-assessment; and how to align the trade facilitation negotiations in the WTO with the parallel discussions on Aid for Trade. More work is needed on how commitments in a future WTO agreement effectively should be linked to capabilities and identify SDT flexibilities that are warranted and effective.

Taking advantage of the current suspension of the WTO negotiations on trade facilitation

89. The explicit commitment of delivering effective technical assistance and capacity building support in an eventual WTO agreement on trade facilitation is groundbreaking in the context of multilateral trade negotiations. The suspended negotiations should not be interpreted as a period for rest but rather as a period for intensified activity. Many participants argued that the current suspension of the WTO negotiations provided an opportunity for Western and Central African WTO members to:

1. Further examine and evaluate the new and third generation proposals submitted to the WTO;
2. Assess their capacity to implement these proposals;
3. Allow their customs administration to inform trade negotiators in Geneva;
4. Informally discuss the proposals with other WTO members;
5. Identify their offensive interests and issues that they would like to see addressed in the negotiations

90. Some participants also argued that the suspension would help countries realise what would be lost if the negotiations were to be suspended indefinitely. It is widely recognised that a multilateral agreement is the best way forward in designing an all-inclusive agreement with minimum standards on trade facilitation. This is particularly the case since technical assistance will be linked to a prospective agreement and it provides a unique opportunity for developing countries to build expertise and capacity with the help of external funding and assistance.

91. Interestingly, preliminary estimations show that the costs of complying with a prospective WTO agreement on trade facilitation are not likely to be high due to the limited scope of the negotiations. In many instances, financial resources are not needed for change since some basic but effective initiatives require limited resources. Still, implementation costs will vary depending on a country's initial situation, the type of measures that are undertaken, and the agreed timeframe for implementation.

92. The discussions in the final session also stressed that the scope for interpretation of a prospective agreement on trade facilitation should be minimal and there should also be clear and precise rules on how to conform to the provisions. Finally, technical assistance and capacity building should comply with the principles set out in the Paris Declaration on Aid Effectiveness.

Assessing needs, capacity gaps and progress

93. Needs assessment requires high-level commitment and a certain level of institutional maturity. Three key partners are necessary for these assessments: a) the government, which needs to commit to the undertaking; b) the private sector, which needs to be consulted and involved; and c) the international community, which needs to be ready to assist. All relevant sectors should also be consulted at an early

stage. Needs assessment can predominantly be conducted as a self appraisal exercise by partner countries themselves: local expertise is what matters most. Partner governments thus need to exert ownership in the needs assessment process.

94. Check-lists and questionnaires that are sent out to stakeholders, especially to the private sector and regulators, need to be clearly formulated since many stakeholders are unfamiliar with the issues that are frequently raised at the WTO. Some basic training – *e.g.* some countries have organised a one-day workshop – can help stakeholders to appreciate the bigger picture. Tools and mechanisms for effective self-assessment and gap analysis have been developed in multilateral organisations and are readily available. The WCO holds a significant expertise in this area. Its self-assessment tools include conceptual models, survey methodologies and time release studies. The World Bank has also developed guidelines for trade facilitation. While proven methodologies and expertise are available, there is scope to elaborate a more coherent way of employing them.

95. The results of needs assessment are necessary at an individual country basis before reforms and technical assistance and capacity building initiatives can be put in place. A gap analysis should be conducted in order to inform the design of tailor-made implementation plans and assistance programmes for each partner country. Yet, in order to benefit from external assistance, countries need to demonstrate a genuine dedication to reform and express their ambition.

96. Finally, a future WTO agreement on trade facilitation will also need to define clear objectives and roles for donors and governments, measurable performance indicators, and mechanisms for regular monitoring and independent evaluation of progress. Monitoring and evaluation systems are necessary at both the individual country level and in the WTO to ensure a sense of mutual responsibility for progress. A number of indicators are available for measuring progress in trade facilitation. WTO members now need to agree on what indicators to use.

Coordinating multiple trade facilitation initiatives and stakeholders

97. There are considerable challenges related to the management of overlapping bilateral, regional and multilateral arrangements on trade facilitation. There is thus a need to foster interaction between partners at these levels in order to avoid duplication and sometimes contradictory priorities. There is also a need for governments to ensure active involvement of, and co-ordination with, the private sector, donors and regional organisations when they seek to design, implement and finance effective trade facilitation reforms.

98. Many participants argued that there is room for further coordination of trade facilitation projects at the regional level. Transit issues in particular could be more effectively addressed through coordinated regional efforts. Regional level initiatives can go beyond WTO rules and be adapted to the needs and objectives of the countries of the region. Such initiatives would benefit from further technical assistance and capacity building.

99. Finally, many participants highlighted the importance of involving the private sector and civil society in trade facilitation initiatives to secure broad-based ownership for reform. They stressed the importance of ensuring broad-based consultations and cooperation with all relevant stakeholders.

Beyond a WTO agreement on trade facilitation: challenges in the African context

100. Beyond the scope of WTO negotiations on trade facilitation – covering GATT Articles V, VIII and X – it was made clear during the discussion that there is significant scope to enhance the regional trade environment in Western and Central Africa. Governments need to tackle a range of challenges, covering *e.g.* weak transport infrastructure, insufficient port and logistics services, unreliable utility services, limited

warehousing capacity and frequent road blocks. In addition to physical constraints, there is also a need to streamline regulations that act as border and behind-the-border barriers. The Forum presented successful initiatives in the regional context where newly established transport corridors have significantly reduced trade transaction costs.

101. A comprehensive WTO agreement with commitments to modernisation and provision of technical assistance would be one step on the road towards an improved trade environment. Some participants argued that the WTO could play a more active role in helping developing countries define and design strategies for tackling WTO-related issues (*e.g.* negotiation and implementation of agreements) while others thought the WTO could play a more active role in the overall development debate.

102. Various participants, including donors, also argued that trade facilitation should be brought into developing countries' development strategies and included in the Aid for Trade discussions. The Aid for Trade discussions highlight that market access is not sufficient to help least developed countries integrate in international markets because of supply side constraints. These constraints need to be addressed by investing in infrastructure, building productive capacity and supporting trade-related adjustment.