



NATIONAL TRADE FACILITATION BODIES IN THE WORLD

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ABBREVIATIONS

LDC	Least developed country
NTFC	National trade facilitation committee
NTTFC	National trade and transport facilitation committee
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WTO	World Trade Organization

FOREWORD

Setting up a national mechanism is in itself one of the most traditional and most important trade facilitation measures to ensure that the main public and private stakeholders are consulted and engaged in the elaboration and implementation of national trade facilitation reforms. Over the past decades, it has received a lot of attention from national and international agencies dealing with trade facilitation.

Undoubtedly, since UNCTAD published its *Trade Facilitation Handbook Part I – National Facilitation Bodies: Lessons from Experience* in 2006, the picture has changed for trade facilitation working groups. The presence of trade facilitation in the international trade agenda has increased and trade facilitation working groups now benefit from stronger national, regional and international support. As shown in recent UNCTAD research, the number of provisions related to customs and trade facilitation included in regional trade agreements has increased, including those that encourage or require the creation of trade facilitation bodies.

Moreover, almost a decade after they were launched, the negotiations on trade facilitation at the World Trade Organization successfully came to an end in December 2013. World Trade Organization members have committed to creating or maintaining a national trade facilitation committee, as stated in section III, article 23.2 of the Agreement on Trade Facilitation.

In this context, this UNCTAD publication, based on an in-depth analysis of 50 trade facilitation bodies, could not be timelier. It provides the first quantitative analysis of existing national trade facilitation bodies and a first-hand set of recommendations extracted from the experiences of participating stakeholders. The study provides policy-oriented conclusions aimed at assisting those countries that are looking to set up or strengthen their national trade facilitation working groups.

In addition, UNCTAD's new version of the online repository of national trade facilitation bodies was launched in autumn 2013. With a more interactive and user-friendly interface, the online repository presents information from trade facilitation platforms in over 80 countries and also assists UNCTAD member States in creating or strengthening trade facilitation bodies through useful information about country cases from different geographical regions on the establishment and management of trade facilitation bodies.

For over 40 years, UNCTAD has been promoting the creation of national trade and transport facilitation committees as platforms that enable developing countries to participate more actively in global trade. UNCTAD looks forward to keeping up this long-standing commitment, now that national trade facilitation bodies have widely been recognized as indispensable.

Anne Miroux

Director, Division on Technology and Logistics, UNCTAD

EXECUTIVE SUMMARY

This study supplements UNCTAD's recent research work on trade facilitation, including *The New Frontier of Competitiveness in Developing Countries: Implementing Trade Facilitation*, published in 2013, *Trade Facilitation in Regional Trade Agreements*, published in 2011, and several technical notes issued since 2007, particularly the note on multi-agency working groups on trade facilitation, issued in 2011. The value added by this study is in the provision of an analysis of existing national trade facilitation bodies in the world, based on information in UNCTAD's online repository of national trade facilitation bodies (<http://unctad.org/tfc>), and of guidelines and recommendations for creating or strengthening a national trade facilitation body.

Over the past 40 years, a growing number of trade facilitation bodies have been created. Regardless of the type of body, the biggest challenge for trade facilitation working groups is their sustainability. This study shows that there is no one determining element, but that many factors impact the sustainability of a group. The relative importance of each element depends on the administrative culture of each country. However, analysis shows that the level of development of a country is the most influential factor on the sustainability of a group. The type of body and geographical region may also be determining elements.

MAIN FINDINGS OF THE STUDY

- **Rationale for the establishment of national trade facilitation bodies** (p. 25):

The creation of more than one-third of the national trade facilitation bodies surveyed was externally motivated.

External motivations may be seen as a double-edged sword. They trigger the creation of a national trade facilitation body that might not otherwise have been established. However, as the reason for the creation of the body is an external input, the sustainability of the body might be endangered. Once the external motivation is removed (e.g. a donor's support is no longer available), the trade facilitation body might be dissolved.

- **Objectives and scope of action** (p.

29):

Fostering trade facilitation by simplifying, standardizing or harmonizing trade procedures was the most cited goal, regardless of the level of development of a country.

The responses provided to the questionnaire sent to national trade facilitation bodies were regrouped under the three main functions of a trade facilitation body, which are to negotiate, coordinate and foster trade facilitation. Goals related to fostering trade facilitation by simplifying, standardizing or harmonizing trade procedures were cited the most often overall, regardless of the level of development of a country. This is the most important function of a trade facilitation body for PRO committees¹, national trade facilitation committees and national trade and transport facilitation committees. Research shows that developed countries aim to put into place basic methods of trade facilitation, such as the simplification, standardization and harmonization of procedures. Negotiation (i.e. to improve the country's position in trade facilitation

¹ PRO stands for procedures.

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negotiations) was the second most-often cited function of a national trade facilitation body, but was mainly cited by World Trade Organization negotiations on trade facilitation support groups. The third main function of a trade facilitation body, coordination, was cited almost as often as negotiation. This function was more important for developing and least developed countries than for developed countries.

- **Degree of institutionalization** (p. 32):

The less developed a country, the higher the level of the authority institutionalizing the national trade facilitation body.

Institutionalization and legal backing for a body may be crucial, but the data collected in this study show that there is no intrinsic relationship between the level of institutionalization and the effectiveness of a body. Working groups that are not institutionalized may be effective if motivation is high and the necessary resources are made available. The data show a relationship between the level of development of a country and the degree of institutionalization: the less developed a country, the higher the level of the authority institutionalizing the trade facilitation body.

- **Terms of reference** (p. 33):

The most relevant factor influencing the adoption of terms of reference was the type of body.

Terms of reference were less frequent among World Trade Organization negotiations on trade facilitation support groups. This may be explained by the fact that this type of group is created as a reactive, not proactive, collective effort, for which actions are determined by the evolution and content of the measures negotiated under the Agreement on Trade Facilitation. Support groups were created to address a particular need, namely to follow up on multilateral negotiations. The working structure and frequency of action of a support group, as well as its functions and discussions, are determined by an external actor, namely the Negotiating Group on Trade Facilitation of the World Trade Organization. The terms of reference and deliverables of a support group are therefore considered built into the purpose of the group and do not need to be otherwise defined.

- **Coordinating agency and permanent secretariat** (p. 34):

The Ministry of Trade assumed the role of coordinating agency in a majority of cases.

In a limited number of cases, other entities such as the chamber of commerce or customs agency assumed the role of coordinating agency. Analysis shows that the level of development of a country bears a close relationship to the coordinating agency: the less developed a country, the higher the probability that the Ministry of Trade will assume the role of coordinating agency. The probability that a trade facilitation body will have a permanent secretariat increases with the level of development of a country. This may be explained by the availability of the necessary resources associated with the establishment of a permanent secretariat. The majority of trade facilitation bodies surveyed affirmed that they had a permanent secretariat.

- **Regularity of meetings** (p. 37):

The majority of national trade facilitation bodies met regularly.

The results of the study do not show a particular relationship between the type of body and any regularity of meetings of trade facilitation platforms. However, the data show a positive correlation between the level of development of a country and the regularity of meetings: the less developed a country, the less frequent the meetings of the trade facilitation body.

- **Composition** (p. 38):

The more developed a country, the greater the number of members of the national trade facilitation body and the higher the participation of the private sector.

Among the national trade facilitation bodies surveyed, the average membership is 17 members. The data show a positive correlation between the level of development of a country and membership: the more developed a country, the more members are included in the trade facilitation body. One reason may be that developed countries have, in general, more resources to manage and encourage inclusiveness. In addition, all developed countries included in this study had consultation mechanisms that were established and regulated by law. The results show that there is no clear pattern of balanced participation between the public and private sectors. The responses provided to the questionnaire indicated that the majority (57 per cent) of participating organizations were public or quasi-public institutions, while the remaining 43 per cent were private associations or entities. The type of body, level of development of a country and geographical region may have a strong influence on the ratio of public to private stakeholders. In fact, in developed countries, the number of private organizations registered as members of trade facilitation bodies was significantly higher than the number of public agencies. The private sector was more highly represented in PRO committees (73 per cent) than in any other type of trade facilitation body. PRO committees were mostly set up in European developed countries and, consequently, the proportion of public to private organizations in countries with PRO committees closely resembles the proportion in developed countries.

- **Communications and promotion** (p. 41):

The capacity and willingness to inform the general public and particular stakeholders depends on the type of national trade facilitation body, the level of development of a country and the geographical region.

Only half of the trade facilitation bodies that responded to the questionnaire stated that they communicate information about their activities with the general public or other targeted stakeholders. In considering the type of trade facilitation body, PRO committees and World Trade Organization negotiations on trade facilitation support groups tended to communicate more than national trade facilitation committees and national trade and transport facilitation committees. Analysis shows that the level of development of a country bears a close relationship to the communications strategies of different trade facilitation bodies towards the general public: the less developed a country, the less it communicates with the general public. In considering geographical regions, Europe has a greater number of trade facilitation bodies that communicate with the general public.

- **Financing** (p. 43):

The share of national trade facilitation bodies financed solely by the Government is inversely proportional to the level of development of a country.

The source of financing varies depending on the type of body and the level of development of a country. In considering the source of financing according to type of body, private financing is provided only for PRO committees. The Government, at times with support from donors, is the most usual source of financing for the other types of trade facilitation bodies. In considering the source of financing in relation to the level of development, it may be noted that the share of trade facilitation bodies financed solely by the Government is inversely proportional to the level of development of a country.

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- **Outputs and impacts** (p. 45):

The type of body and the level of development of a country influence the outputs and impacts highlighted.

The impact cited the most often by PRO committees was awareness raising and information exchanges on trade facilitation and related topics among stakeholders. National trade facilitation committees and national trade and transport facilitation committees noted that the preparation of concrete projects was the most important output for them. Enabling better participation of the country in the multilateral trading system was the impact cited the most often by World Trade Organization negotiations on trade facilitation support groups in developing countries. Least developed countries cited the preparation of concrete projects as a frequent output of trade facilitation bodies. For developed countries, where the majority of PRO committees are located, the biggest impact of their trade facilitation bodies was awareness raising and information exchanges.

- **Key success factors** (p. 47):

Key success factors highlighted related to the members of a national trade facilitation body and their behaviour towards the group.

Elements that may be provided by donors, such as training and capacity-building, appropriate work plans and financial resources, were important, but not as significant as being able to count on the relevant members to support the trade facilitation body and work towards its goals. However, donor support and technical assistance may be determining factors for least developed countries.

- **Main obstacles** (p. 48):

The majority of obstacles cited related to the members of the national trade facilitation body and their behaviour towards the group.

While financial resources were considered a crucial success factor by a minority of countries considered in this study, the lack of financial resources was highlighted as the greatest obstacle by nearly one-fourth of the respondents. The involvement of the private sector was considered the most important success factor but the lack of involvement of the private sector was not cited as an obstacle.

- **Main lessons learned** (p. 50):

National trade facilitation bodies can be effective instruments in establishing and maintaining a communications channel between the Government and the private sector, as well as maintaining coordination among all public agencies.

National trade facilitation bodies were also recognized as knowledge-sharing and training platforms.

TEN KEY RECOMMENDATIONS:**- Recommendation 1:****Be SMART when setting up the objectives and scope of a national trade facilitation body.**

The objectives and scope of a trade facilitation body will determine the goals pursued when establishing the group as well as the main functions allocated to it. The objectives contemplated by the trade facilitation body should be SMART, that is, sustainable, measurable, attainable, realistic and time-bound, and not expressed in terms of to-do lists or activities, as is currently often done (Doran, 1981). The ability of a trade facilitation body to prioritize and thereafter monitor trade facilitation reforms – above and beyond implementing the World Trade Organization Agreement on Trade Facilitation – is essential to its sustainability and relevance.

- Recommendation 2:**Make it official – give the national trade facilitation body a strong legal backing.**

As trade facilitation is a policy area that includes different public stakeholders, institutionalization at the governmental level may be beneficial, in order to prevent conflicts of interest and in order to increase participation and ensure high-level political commitment. The implementation in national law of the World Trade Organization Agreement on Trade Facilitation may be a good starting point.

- Recommendation 3:**Set clear game rules – define terms of reference in a comprehensive and inclusive way.**

Terms of reference should be defined and used as a tool to support the sustainability and efficient work of the trade facilitation body. They should be concrete but flexible and be agreed by all involved stakeholders.

- Recommendation 4:**Provide the national trade facilitation body with a permanent secretariat.**

Countries should consider whether the Ministry of Trade should assume the role of coordinating agency or whether this role may be shared with other public organizations (e.g. customs authorities) essential for trade facilitation or with the private sector (e.g. chamber of commerce). Resources should be allocated to the establishment of a permanent secretariat. Support from donors and international agencies should be provided for the latter, especially in the case of least developed countries.

- Recommendation 5:

Meet regularly.

The regularity and frequency of meetings can contribute to the sustainability of a trade facilitation body. Establishing that the body will meet on the first Wednesday of each quarter, for instance, will help members to plan their calendars based on fixed dates and ensure that they are present for each session of the working group. The regularity of meetings is essential for monitoring and following up on the activities of the trade facilitation body, which was noted by respondents as an important success factor.

- Recommendation 6:

Be inclusive – trade facilitation is a cross-divisional and cross-sectorial endeavour.

Developing countries and least developed countries should make an effort to increase the number of participants in their trade facilitation bodies, especially from the private sector.

- Recommendation 7:

Take every opportunity to raise awareness about trade facilitation.

The establishment of a website may be a useful tool for strengthening the trade facilitation body as a platform for dialogue with the private sector, as well as for coordination, awareness raising and information sharing. Donors that wish to assist least developed countries in this task should take into consideration potential challenges, such as a high level of computer illiteracy among trade facilitation body members or the lack of Internet access in many agencies. Additional training and resources should be allocated to address these possible challenges. Trade facilitation reforms can have profound implications for the general public and certain stakeholders. Trade facilitation bodies should therefore contemplate a strategy to communicate with these audiences if deemed necessary. For instance, additional events may be organized to inform other stakeholders that are not necessarily members of the body but might be concerned by forthcoming trade facilitation reforms.

- Recommendation 8:

Provide the national trade facilitation body with the necessary resources.

As the lack of financial resources can strongly influence the sustainability of a trade facilitation body, it is especially recommended that developing and least developed countries systematically include tasks and budget allocations for trade facilitation bodies when applying for international funds for concrete projects in trade facilitation. Sharing costs among public and private institutions may also be a solution in this regard.

- Recommendation 9:**Establish monitoring and evaluating mechanisms to measure results.**

For a well-functioning trade facilitation body, presenting concrete results and/or monitoring results is considered essential. However, only a few trade facilitation bodies use these kinds of tools in a systematic way. There is a need, therefore, to develop evaluation and monitoring techniques adapted to the needs of trade facilitation bodies.

- Recommendation 10:**Always involve the private sector.**

The majority of obstacles faced by trade facilitation bodies are in relation to the members of the body and their behaviour towards the group. The chairperson of the group should be carefully selected and, if necessary, undertake specific training, such as on negotiation techniques and how to deal with difficult members, among others. This will help the leader of the group to turn possible challenges into opportunities.

The public sector and/or lead agency of the trade facilitation body should actively and genuinely involve the private sector in the body, as this is the most important success factor for the body. The public sector should ensure that the involvement of the private sector is inclusive and representative. It is not enough to invite the private sector to meetings of the group. Rather, the private sector should also participate in the formulation of the terms of reference. The public sector should employ the necessary techniques to encourage and promote participation. One possibility may be shared chairpersonship or leadership by rotation between the public and private sectors.

INTRODUCTION

This study supplements UNCTAD's recent research work on trade facilitation, including *The New Frontier of Competitiveness in Developing Countries: Implementing Trade Facilitation*, published in 2013, *Trade Facilitation in Regional Trade Agreements*, published in 2011, and several technical notes issued since 2007, particularly the note on multi-agency working groups on trade facilitation, issued in 2011. The value added by this study is in the provision of an analysis of existing national trade facilitation bodies in the world and of guidelines and recommendations for creating or strengthening a national trade facilitation body.

Chapter 1 reviews the background and circumstances leading to the conduct of this study and the various types of trade facilitation bodies considered.

Chapter 2 provides an analysis of 50 trade facilitation bodies, including their objectives and scopes of action, institutional frameworks, compositions, communications and promotion activities and financing sources, as well as the outputs and impacts of each type of coordination mechanism analysed.

Chapter 3 summarizes lessons learned as noted by the 50 trade facilitation bodies with regard to their establishment and consolidation.

This study is based on information in UNCTAD's online repository of national trade facilitation bodies (<http://unctad.org/tfc>). The repository is regularly updated and contains information from national trade facilitation bodies in over 80 countries.

I. SCOPE AND METHODOLOGY

This study focuses on bodies that group different stakeholders to address trade facilitation issues in a coordinated way, regardless of the nomenclature used to describe them, such as committees, commissions and working groups. The research only covers trade facilitation bodies established at the national level, excluding those set up at a regional or international level, such as Europro for all European PRO committees, Secipro for PRO committees in South-Eastern Europe and the European Free Trade Association.

This study considers information from 50 country cases collected as at August 2013 via a standardized questionnaire developed by UNCTAD (p. 55), which was structured into the following ten different sections: background; institutional framework; funding; objectives and focus; membership and/or composition; participation; communications and promotion; benefits; lessons learned; and future plans.

Table 1
List of trade facilitation bodies considered, according to type of body

PRO committee	National trade and transport facilitation committee	World Trade Organization negotiations on trade facilitation support group	National trade facilitation committee
Albania Austria Bosnia and Herzegovina Brazil Bulgaria Croatia Czech Republic Finland France Hungary Iceland Islamic Republic of Iran Italy Japan Malta Netherlands Norway Republic of Korea Republic of Moldova Sri Lanka Sweden United Kingdom of Great Britain and Northern Ireland Ireland United Republic of Tanzania Viet Nam	Azerbaijan Jordan Kyrgyzstan Mongolia Nepal Pakistan	Bangladesh Burkina Faso Cape Verde China Colombia Cuba Ecuador Egypt Honduras Kenya Mali Mexico Nicaragua Niger Nigeria Saint Lucia Senegal Togo Turkey Uganda Zimbabwe	Bahrain Bhutan Botswana Cambodia Central African Republic Dominica Dominican Republic Greece Grenada Guatemala Namibia Paraguay Philippines Saint Kitts and Nevis Saint Vincent and the Grenadines Sierra Leone Sudan Thailand Zambia

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

Based on the specificities of their respective mandates, the bodies surveyed were classified under one of the following four types: PRO committee; national trade facilitation committee (NTFC); national trade and transport facilitation committee (NTTFC); and World Trade Organization (WTO) negotiations on trade facilitation support group. The four types are further described in chapter 1, section IV (p. 27).²

By analysing the structure and mandate of the bodies included in the data set, it is possible to observe trends and patterns in the evolution of trade facilitation bodies. Analysis may also provide useful indicators and guidelines for the establishment of future bodies, as well as instruments to strengthen existing bodies.

The country cases may be reviewed on the online repository, which contains information from over 80 trade facilitation coordination mechanisms. UNCTAD continues to collect country cases, and the repository is continuously updated and expanded.

²Four countries, namely Benin, the Dominican Republic, Italy and Viet Nam, indicated the existence of more than one type of trade facilitation body. For the purposes of this study, only the most relevant body on the basis of the available information was included in the research, as follows: WTO negotiations on trade facilitation support group in Benin; NTFC in the Dominican Republic; NTFC in Italy; and PRO committee in Viet Nam.

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Table 2
Trade facilitation coordination mechanisms according to type of trade facilitation body, level of development and geographical distribution

Type of trade facilitation body	Number of countries	Percentage
National trade and transport facilitation committee	5	10
National trade facilitation committee	11	22
PRO committee	12	24
World Trade Organization negotiations on trade facilitation support group	22	44
Total	50	100
Level of development		
Level of development	Number of countries	Percentage
Developed country	11	22
Developing country	22	44
Least developed country	14	28
Transition economy	3	6
Total	50	100
Geographical distribution		
Geographical distribution	Number of countries	Percentage
Africa	15	30
Americas	8	16
Asia	16	32
Europe	11	22
Total	50	100

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

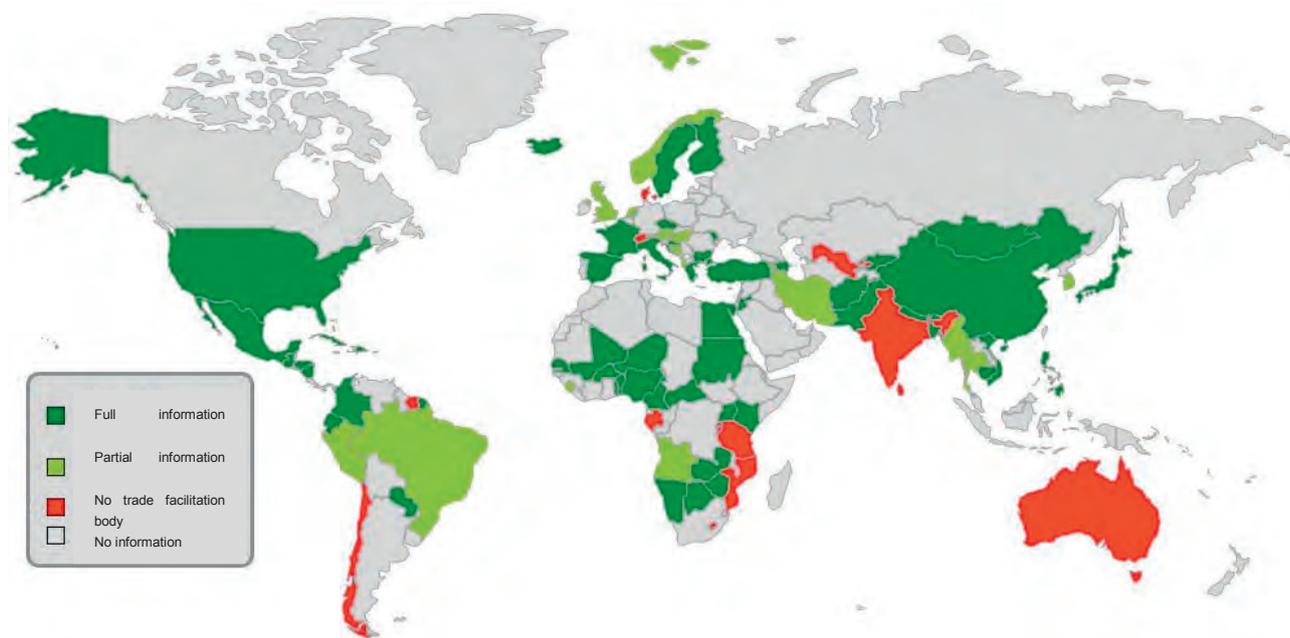
As reflected in table 2 of the countries surveyed, 10 per cent (five countries) have an NTTFC, 22 per cent (11 countries) have an NTFC and 24 per cent (12 countries) have a PRO committee. The predominant model is a WTO negotiations on trade facilitation support group, which corresponds to 44 per cent (22 countries).

Of the trade facilitation bodies analysed, 44 per cent were in developing countries. In drawing conclusions based on the level of development, this study will focus on developed, developing and least developed countries (LDCs), as transition economies are under-represented in the country cases considered, with only three countries.

The functions and performances of trade facilitation bodies may vary widely “in view of their geographical distribution and economic and cultural differences” (UNCTAD, 2006). The geographical distribution of the countries considered in this study may therefore also be a determining factor. For instance, African and Asian regions are better represented in the data set.

figure 1 shows the extent of information available in UNCTAD’s online repository as at November 2014.

Figure 1
Interactive map of information in UNCTAD's online repository as at November 2014



The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. (ST/AI/189/Add.25/Rev.1)

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

CHAPTER 1: RATIONALE AND PROFILES OF NATIONAL TRADE FACILITATION BODIES

I. TRADE FACILITATION

Trade facilitation has become an indelible aspect of the international trade landscape. The number of countries including trade facilitation reforms in their trade policy agendas has increased over the years and the content of these reforms has evolved over time.

Several international and regional organizations have developed definitions and descriptions of trade facilitation. The UNCTAD *Trade Facilitation Handbook* states that “trade facilitation measures seek to establish a transparent, consistent and predictable environment for border transactions based on simple and standardized customs procedures and practices, documentation requirements, cargo and transit operations and trade and transport conventions and arrangements” (UNCTAD, 2006). The United Nations Centre for Trade Facilitation and Electronic Business refers to trade facilitation as the “simplification, standardization and harmonization of procedures and associated information flows required to move goods from seller to buyer and to make payment” (United Nations Economic Commission for Europe (UNECE), 2012). The WTO uses the original definition of UNECE that describes trade facilitation as the “simplification and harmonization of international trade procedures, including practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade” (WTO, 2003).

Carrying out trade facilitation reforms demands a great deal of coordination and cooperation among the various public and private stakeholders such as the ministries of trade, transport, health, agriculture or foreign affairs, customs authorities, customs brokers, traders, transport operators and freight forwarders. This is not an easy task, as different stakeholders are likely to have different and sometimes conflicting interests and individual perspectives to defend. Users may not look for the same outcomes as providers, traders may not be concerned by the same aspects as consumers and public agencies may not address challenges and solutions in the manner that the private sector expects. Furthermore, some trade facilitation measures, such as single-window or those involving risk management, may be highly complex in their design and operation and require the participation of public and private actors. A lack of cooperation may jeopardize the smooth implementation of related reforms.

The implementation of trade facilitation measures usually implies reforms at multiple stages in the administrative process and involves several public institutions. In turn, these new processes will have an impact on the way users, in particular in the trade and transport sectors, operate under the new system. With a view to securing the most effective progress of such reforms, prior consultation and mutual understanding are required between implementing public agencies and business communities responsible for complying with the new processes. Such a public–private partnership approach is the driving force in the establishment and operation of trade facilitation bodies.

For the purposes of this study, a trade facilitation body is considered a multi-agency permanent platform where relevant stakeholders from the public and private sectors discuss and coordinate trade facilitation measures at a national level.

Depending on the type of committee, specific objectives and functions may vary according to the specific needs of a country, as discussed in chapter 2 (p. 29). However, the core objective remains the existence of a forum for proposals, discussions, consultations, coordination and obtaining, where possible, consensus

between and among public and private stakeholders enabling the implementation of trade facilitation solutions.

The United Nations has a long history of elaborating guidelines on best practices to establish trade facilitation coordination mechanisms. Some examples are UNECE Recommendation No. 4 on national trade facilitation bodies adopted in 1974 and revised in 2001, the UNCTAD document *Creating an Efficient Environment for Trade and Transport: Guidelines to Recommendation No. 4 – National Trade Facilitation Bodies* published in 2000, the UNCTAD *Trade Facilitation Handbook* published in 2006, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) *Study on National Coordination Mechanisms for Trade and Transport Facilitation in the UNESCAP Region* published in 2007 and the UNESCAP *Guidelines on Establishing and Strengthening National Coordination Mechanisms for Trade and Transport Facilitation in the ESCAP Region* published in 2011.

United Nations agencies are not the only supporters of trade facilitation bodies. After almost ten years of intensive work, WTO members concluded negotiations on the Agreement on Trade Facilitation in December 2013. Pursuant to this Agreement, they commit to establishing NTFCs. At the time of preparation of this study, the Agreement on Trade Facilitation must still be ratified by each country member to enter into force and be implemented at a later stage. The establishment and consolidation of trade facilitation coordination mechanisms will then become an obligation.

In this context, this study aims to provide trade facilitation stakeholders and all parties interested in the creation and operation of trade facilitation bodies with an overview of existing trade facilitation bodies from a comparative perspective, focusing on specific features of their modus operandi such as the context of their establishment and their rationale, legislative mandates and powers, objectives, scopes of operation, structures and composition, programmes of work, communications and promotion and sources of funding.

This study may be of use for all technical assistance and capacity-building development projects with an impact on trade facilitation, including supply chain security initiatives and customs modernization programmes. Based on practical experiences, it highlights key steps towards building and operating effective and sustainable trade facilitation bodies. Finally, this study notes some of the main obstacles that these committees must overcome and highlights successful best practices.

II. TRADE FACILITATION STAKEHOLDERS

Trade facilitation bodies should include relevant public and private stakeholders at different levels, from technical to managerial professionals. The following three broad categories may be noted:

- a) **Governmental actors:** Ministries, agencies and officials involved in export, import and transit processes. Moreover, for the purposes of this study, policy and lawmakers are also considered major players in the design and implementation of national policies, laws and regulations to secure the smooth flow of goods and information in international trade.
- b) **Private actors:**
 - Users of trade services – individual traders or traders grouped under a chamber of commerce or business association and all relevant parties involved in the trade supply chain;

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- Service providers – trade and transport services suppliers, including customs clearing agents, freight forwarders, carriers, shipping agents, stevedoring and warehousing companies, terminal operators, commercial banks and insurance companies;
 - Civil society – unions, consumer associations, non-governmental organizations, academic communities and all others that support public and private actors that design and implement trade facilitation reforms.
- c) **Development partners:** national, regional and international institutions, including development banks, the WTO, United Nations regional commissions and UNCTAD and other United Nations agencies, including task leaders, project managers and officers.

III. NATIONAL TRADE FACILITATION BODIES: A HISTORICAL OVERVIEW

This section details the evolution of trade facilitation bodies from their first appearance to the present day and identifies the main reasons for their creation.

From recommendation to obligation

The concept of trade facilitation coordination mechanisms initially arose at a national level and was later developed in the international arena in the form of recommendations or guidelines. Most recently, the establishment of trade facilitation committees has become a legal commitment at the multilateral level.

The widespread use of copy machines and printing facilities in the 1950s triggered the idea of the standardization of trade documentation and the corresponding need for coordination.³ Sweden was the precursor in the conceptualization of trade facilitation bodies and set up a consultative group for this purpose in 1955. This group was renamed the Swedish Trade Procedures Council in 1995, and is still in operation (UNCTAD, 2014).

In the 1960s, the subject was discussed for the first time in an international forum. The Convention on Facilitation of International Maritime Traffic recommended that contracting parties establish a national maritime transport facilitation committee or a similar national coordinating body, focused on the adoption and implementation of facilitation measures.⁴ Such bodies should be composed of governmental departments, agencies and other organizations concerned with, or responsible for, various aspects of international maritime traffic, as well as port authorities and ship owners (International Maritime Organization, 2011).

In the early 1970s, a few trade facilitation bodies were created as consultative platforms between government departments and the business community to provide coherence in policy formulation through coordination and cooperation (UNESCAP, 2011). These bodies were established in developed countries in Europe and Asia, for example the French International Trade Facilitation and Simplification Body (1972), the

³ The Committee on the Development of Trade of UNECE took over this initiative in the 1960s. The outcomes later formed the basis for Recommendation No. 1 adopted by the Working Party on Facilitation of International Trade Procedures, pursuant to which trade facilitation bodies should perform a relevant consultative role in the alignment of trade documents (UNECE, 1981).

⁴ The Convention on Facilitation of International Maritime Traffic was adopted on 9 April 1965 and entered into force on 5 March 1967. The Convention's main objectives are to reduce the number of declarations required by public authorities, prevent unnecessary delays in maritime traffic, foster cooperation between contracting parties and secure the highest practicable degree of uniformity in formalities and other procedures (International Maritime Organization, 2011).

CHAPTER 1: RATIONALE AND PROFILES OF NATIONAL TRADE FACILITATION BODIES

Finnish National Body for Simpler Trade Procedures (1973) and the Japan Association for Simplification of International Trade Procedures (1974).

Inspired by these best practices, UNECE Recommendation No. 4 was adopted in 1974. It advised countries to set up national trade facilitation organs (PRO committees) for the alignment of trade documents, automatic customs data processing and coding, and many PRO committees were established in both developed and developing countries. However, many of these committees have since been dissolved.

From the 1980s to the early 2000s, the growth of national trade facilitation bodies was modest, but their importance was often highlighted at the international level. For instance, UNECE Recommendation No. 4 was revised in 2001, encouraging again the establishment of national organizations to implement recommendations on the facilitation of international trade procedures. The Almaty Programme of Action invited landlocked and transit developing countries to consider establishing and/or strengthening existing national trade and transport boards or committees involving all major stakeholders, including the private sector (United Nations, 2003).⁵ During this period, UNCTAD and the World Bank launched several technical assistance projects contributing to the establishment of NTTFCs.

Figure 2
Number of existing national trade facilitation bodies



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

⁵ Priority No. 3 of the Almaty Programme of Action addressed the special needs of landlocked developing countries within a new global framework for transit transport cooperation for landlocked and transit developing countries.

As shown in figure 2, the number of trade facilitation bodies has further increased since 2004, triggered by the negotiations on trade facilitation in the context of the Doha Development Agenda (WTO) in July 2004.⁶ National coordination mechanisms supporting the negotiations proliferated in all regions, as shown in table 1. Of the 50 trade facilitation bodies considered in this study, 35 were set up after 2004.

Despite the increasing relevance of trade facilitation bodies, their establishment remained a recommendation. Only with the entry into force of the Agreement on Trade Facilitation did national trade facilitation committees become an obligation for WTO members.

Rationale for the establishment of trade facilitation bodies

This subsection identifies the main reasons for the creation of trade facilitation bodies. figure 3 shows the 10 motivations most frequently cited by the countries considered in this study.

Motivations may be categorized as external or internal. External motivations may be seen as a double-edged sword. They trigger the creation of a national trade facilitation body that might not otherwise have been established. However, as the reason for the creation of the body is an external input, the sustainability of the body might be endangered. Once the external motivation is removed (e.g. a donor's support is no longer available), the trade facilitation body might be dissolved, as occurred for instance with several NTTFCs set up with external support between the 1980s and 1990s.

The creation of at least 37 per cent of the trade facilitation bodies considered in this study was externally motivated. The WTO negotiations on trade facilitation and the WTO needs assessment process were responsible for the creation of at least 27 per cent of the groups. This finding is corroborated by the fact that the establishment of trade facilitation bodies has expanded significantly since 2004, when the WTO negotiations started (see figure 2). Other externally driven motivations cited included UNECE Recommendation No. 4 (6 per cent) and encouragement from donors (4 per cent).

The UNESCAP *Study* notes that “administrative processes at borders can include up to 20 separate procedures required by up to eight separate government authorities which must be completed before cargo-carrying vehicles and transport-operating staff can move across national frontiers” (UNESCAP, 2007). In this context, internally driven motivations are mostly related to an urgent need to tackle inefficiencies and improve coordination.

For the past 40 years, the role of national trade facilitation platforms as coordination mechanisms has been acknowledged.⁷ It is thus to be expected that the need for dialogue between the public and private sectors and limited coordination among stakeholders were cited as reasons for the creation of a national trade facilitation body by almost one out of five countries. Other internally driven motivations considered by several

⁶ The negotiations aimed at clarifying and improving relevant aspects of the General Agreement on Tariffs and Trade 1994, including article V on freedom of transit, article VIII on fees and formalities connected with importation and exportation and article X on the publication and administration of trade regulations, with a view to further expediting the movement, release and clearance of goods, including goods in transit (UNCTAD, 2006).

⁷ “Facilitation activities must be approached in a coordinated manner to ensure that problems are not created in one part of the transaction chain by introducing solutions to another part. The needs of all parties, both private and public sectors, must be identified before solutions can be found and those best placed to explain their needs are those directly involved in the transaction chain. This requires an effective forum where private-sector managers, public-sector administrators and policymakers can work together towards the effective implementation of jointly agreed facilitation measures. National trade facilitation bodies provide this important forum” (UNECE, 2001).

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countries were the need to improve procedures (10 per cent) and reduce the time (5 per cent) and costs (8 per cent) of export and import transactions, as shown in figure 3.⁸

Figure 3
Motivations for the establishment of trade facilitation bodies
 (Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

In considering the most-often cited motivation according to level of development, it is notable that developed countries established trade facilitation bodies mostly in response to an internally driven motivation, such as the need to improve export and import procedures, while trade facilitation platforms in developing countries and LDCs were established due to externally driven motivations, especially the WTO negotiations on trade facilitation and the WTO needs assessment process.

In signing the Agreement on Trade Facilitation, WTO members, representing most of the countries in the world, commit themselves to create or maintain a trade facilitation committee, as stated in section III, article 23.2 of the Agreement. Many new trade facilitation bodies will thus be established due to an external motivation. Countries and donors must be aware of the singularity of this situation and make an effort, through training and awareness-raising initiatives, to convert this externally driven motivation to an internally driven one. Only by doing so will they boost the motivation of the members of the group which, as demonstrated in this study, constitutes a key success factor.

⁸ Some countries also indicated the following motivations for the creation of a national trade facilitation body: increasing importance of trade facilitation; need to apply international standards; need to face the increasing use of e-commerce; lack of adequate infrastructure to facilitate trade; lack of training of border agents; need for increased transparency, quality and customer orientation in State services; simplification of computerized procedures; the Southeast European Cooperative Initiative and the Stability Pact for South-Eastern Europe; idea in the 1950s that copy machines and printing facilities could be used for the standardization of trade documentation; and desire to accede to the International Convention on the Simplification and Harmonization of Customs Procedures.

IV. TYPES OF NATIONAL TRADE FACILITATION BODIES

As stated in the introduction (p. 17), within the scope of the online repository and for the purposes of this study, trade facilitation bodies were classified into one of the following four types: PRO committee; NTFC; NTTFC; and WTO negotiations on trade facilitation support group.

PRO committees

PRO committees were mainly created in Europe, with some established in Asia. These organizations are often of a public legal nature and usually receive direct and/or indirect funding from the public sector. The structure and role of the PRO committees are outlined in UNECE Recommendation No. 4.

PRO committees deal with the facilitation of procedures across all modes of transport and identify bottlenecks to trade in order to promote solutions. PRO stands for procedures, and embodies the objectives of the committees (UNECE, 2012).

PRO committees aim to provide advice not only to administrations but also businesses, on relevant trade facilitation measures, best business practices and non-tariff barriers to trade (UNESCAP, 2011). Their focus is therefore on public–private partnerships rather than on inter-agency coordination.

Overall, PRO committees promote the adoption of international standards on trade facilitation in their respective countries by lobbying their Governments. In addition, PRO committees provide a national focal point for the collection and dissemination of information on best practices in international trade facilitation. In most countries, PRO committees are the main driver for the implementation of the United Nations Rules for Electronic Data Interchange for Administration, Commerce and Transport (Apostolov, 2009).

National trade facilitation committees

National trade facilitation committees, which normally differ from PRO committees and NTTFCs, usually respond to a need to comply with bilateral or regional trade agreements. Governments opt to create NTFCs as collaborative platforms to streamline trade procedures and implement trade facilitation measures at a national level. From a developmental level and geographical perspective, no strong correlation is seen between NTFCs and a specific level of development or any particular region of the world.

National trade and transport facilitation committees

As part of their technical assistance projects, UNCTAD and the World Bank have supported the establishment of NTTFCs in more than 30 countries. While the model is based on UNECE Recommendation No. 4, most such committees have, in practice, a broader scope of action and include transport facilitation.

NTTFCs act as a consultative mechanism to promote facilitation, examine international trade and transport regulations, make policy recommendations, prepare recommendations and regulations and foster administrative transparency on major trade and transport issues. The goal is to encourage the modernization of trade and transport practices to support foreign trade (UNECE, 2012).

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One commonly found feature of NTTFCs is a double layer in their structures. A permanent commission of around 10 members is responsible for preparing documents, following up on decisions and providing support for the work programme. At a higher level the committee, in sensu stricto, is composed of a large number of representatives from both sectors. Such a structure allows the consideration of proposals in detail (UNESCAP, 2007).

The majority of NTTFCs were established between 1980 and 2000 through the initiatives of development partners and included as concrete expected outcomes of trade and transport facilitation projects. After the finalization of these projects, many of the NTTFCs dissolved. However, some remain active, for instance in Jordan and Pakistan (UNCTAD, 2014).

World Trade Organization negotiations on trade facilitation support groups

WTO negotiations on trade facilitation support groups were created following the launch of negotiations for the Agreement on Trade Facilitation in the context of the Doha Development Agenda. Supported in many cases by the WTO needs assessment process, many countries have set up these bodies to provide support to the negotiating teams through the provision of technical expertise and feedback on the tabled proposals. These working groups are organized as a cooperative network, comprising interested parties from the public and private sectors (UNECE, 2012).

The purpose of the groups was to support the WTO negotiations, yet in many cases they were not set up as temporary committees but were formalized to some extent, as detailed in chapter 2, section II (p. 32). Moreover, many of these committees had previously defined the implementation of the Agreement on Trade Facilitation as part of their future functions, as noted in chapter 2, section I (p. 30).

CASE STUDY ON CAPACITY-BUILDING PROVIDED TO THE WTO NEGOTIATIONS ON TRADE FACILITATION SUPPORT GROUP OF HONDURAS

Since 2004, UNCTAD has been providing capacity-building in developing countries and LDCs to support their effective participation in the WTO negotiations on trade facilitation.

The main objective of UNCTAD's activities in Honduras was to create and strengthen the national trade facilitation task force, leading to an improved institutional capacity and dialogue among stakeholders. Capacity-building also covered advisory services and assistance for activities undertaken by the national task force, notably regarding the preparation, undertaking and updating of a national self-assessment of trade facilitation needs and priorities.

An aid for trade case story has been published by the Organization for Economic Cooperation and Development that contains detailed information on the issues addressed, objectives pursued, design and implementation, problems encountered, factors of success and failure, results achieved and lessons learned.

Source: UNCTAD, 2010.

CHAPTER 2: EMPIRICAL ANALYSIS OF KEY ELEMENTS OF TRADE FACILITATION BODIES

This chapter provides an empirical comparative analysis of existing national trade facilitation bodies, focusing on the following six main aspects: objectives and scope of action; institutional framework; composition; communications and promotion; financing; and outputs and impacts.

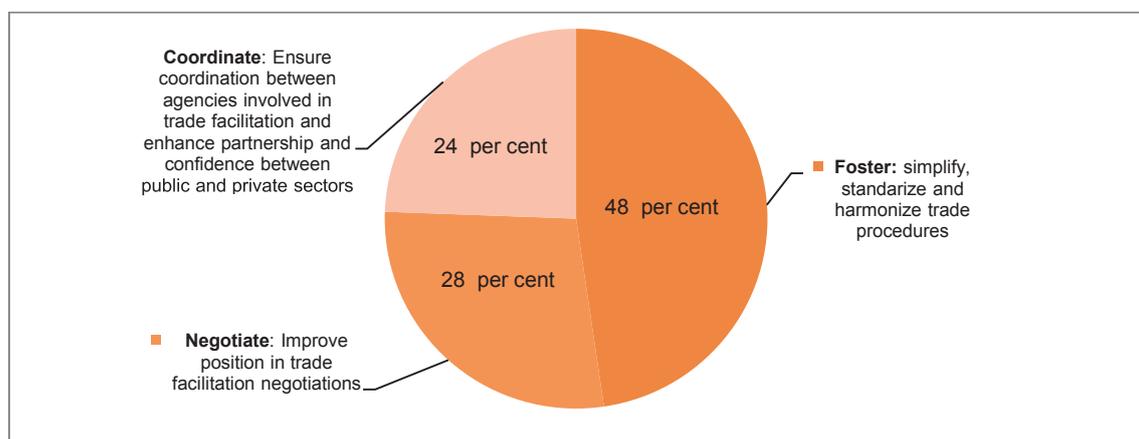
I. OBJECTIVES AND SCOPE OF ACTION

The objectives and scope of action of a trade facilitation body will determine the goals pursued when establishing this group as well as the main functions allocated to it.⁹ As described by UNESCAP, “the functions of a coordination institution should be decided by a country’s trade and transport facilitation agenda. Each country will have different priority issues in trade and transport facilitation depending upon the institutional environment, capacity of business sector and political will for trade and transport facilitation” (UNESCAP, 2011).

Objectives

The responses to the questionnaire were regrouped under the three main functions of a trade facilitation body, which are to negotiate, coordinate and foster trade facilitation, as shown in figure 4.

Figure 4
Three main objectives of a trade facilitation body



Note: Percentages are based on the number of answers given and not on the number of trade facilitation bodies.

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

⁹ Analysis of the data shows that there is no common understanding of the difference between the objectives and scope of a trade facilitation body. Accordingly, the responses to the questionnaire under both objectives and scope were rearranged as follows: aspects related to a goal aimed for or sought were considered objectives, while descriptions covering the extent of a subject matter were considered under scope.

Goals related to fostering trade facilitation by simplifying, standardizing or harmonizing trade procedures were cited the most often overall (48 per cent), regardless of the level of development. This is the most important function of the trade facilitation body for PRO committees, NTFCs and NTTFCs. Research shows that developed countries aim to put into place basic methods of trade facilitation, such as the simplification, standardization and harmonization of procedures. Various concrete objectives were grouped under this function, while some countries (15 per cent) cited fostering trade facilitation as a general objective without providing further specifications.

Negotiation (i.e. to improve the country's position in trade facilitation negotiations) was the second most-often cited function of a national trade facilitation body (28 per cent), but was mainly cited by WTO negotiations on trade facilitation support groups (92 per cent).

The third main function of a trade facilitation body, coordination, was cited almost as often as negotiation (24 per cent). This function was more important for developing countries and LDCs than for developed countries. In fact, experience has shown that coordination is one of the most tangible benefits of trade facilitation bodies (UNCTAD, 2006). Further details are provided in chapter 3, section I (p. 47).

Other objectives cited by some countries included the following: develop and implement State policy in external trade; increase the quality and customer orientation of State services; increase the security of transport and trade; improve logistics services; enhance the country's regional role in facilitating trade and transport; and promote the competitiveness of the country in the world market.

Among the responses to the questionnaire, objectives were in some instances described in broad terms, such as to foster trade facilitation and to ensure coordination between agencies involved in trade facilitation, and in other instances in more concrete terms, such as to remove non-tariff barriers, reduce the costs of doing business, reduce processing times and increase exports and trade. As noted in chapter 3 (p. 47), the importance of monitoring the achievements of the group was cited repeatedly. Clearly, in order to be able to monitor results, objectives should be measurable.

Scope of action

The responses to the questionnaire were categorized into 10 scopes of action, five of which were cited by at least five of the 50 countries considered in this study, as shown in figure 5. The scopes of action for trade facilitation bodies cited the most often were to advise government and trade facilitation agencies on matters of trade facilitation (20 per cent), implement the trade facilitation measures of the WTO Agreement on Trade Facilitation (20 per cent), collect and disseminate information on trade facilitation (18 per cent), organize training sessions for members of the trade facilitation body and/or deliver training to other trade facilitation stakeholders (16 per cent) and promote and monitor new trade facilitation reforms and agreements (11 per cent).

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Figure 5
Scopes of action of trade facilitation bodies
(Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

Other scopes of action cited included identifying the country's trade facilitation needs and priorities, highlighting trade procedures that constituted hindrances to the industry, obtaining technical assistance, ensuring coherence between trade facilitation reforms and technical assistance projects and optimizing the use of information technology.

The type of body will partially determine the scope of work of the group. In three of the main types, there is consensus on the main scope of work, as follows:

- PRO committees – Collect and disseminate information on trade facilitation, e.g. best practices.
- NTFCs – Advise government and trade facilitation agencies on matters of trade facilitation, e.g. draft of proposals and recommendations.
- WTO negotiations on trade facilitation support groups – Implement the trade facilitation measures of the Agreement on Trade Facilitation.

The only type of body that has no clear consensus is the NTTFC.¹⁰

Recommendation 1: Be SMART when setting up the objectives and scope of a national trade facilitation body.

The objectives and scope of a trade facilitation body will determine the goals pursued when establishing the group as well as the main functions allocated to it. The objectives contemplated by the trade facilitation body should be SMART, that is, sustainable, measurable, attainable, realistic and time-bound, and not expressed in terms of to-do lists or activities, as is currently often done (Doran, 1981). The ability of a trade facilitation body to prioritize and thereafter monitor trade facilitation reforms – above and beyond implementing the WTO Agreement on Trade Facilitation – is essential to its sustainability and relevance.

¹⁰ NTTFC respondents to the questionnaire cited only the following scopes of action: advise government and trade facilitation agencies on matters of trade facilitation; collect and disseminate information on trade facilitation; organize training sessions for members of the trade facilitation body and/or deliver training to other trade facilitation stakeholders; and promote and monitor new trade facilitation reforms and agreements.

II. INSTITUTIONAL FRAMEWORK

The following four key aspects of the institutional framework of trade facilitation bodies are considered in this section: degree of institutionalization; existence of terms of reference; role of the coordinating agency and permanent secretariat; and regularity of meetings.

Degree of institutionalization

Previous studies on trade facilitation bodies suggest that there is a strong correlation between the degree of institutionalization and the effectiveness and sustainability of such bodies. The UNESCAP *Guidelines* state that “trade and transport facilitation initiatives may result in redistribution or even loss of authority of some agencies over certain processes, causing conflict of interests and leading to efforts to block the implementation of such initiatives. Having an appropriate legal backing can prevent blockage of the implementation of reform measures by the vested interests. Moreover, presence of strong political will as manifested by instituting legal basis for the coordination institution gives a clear signal to the stakeholders within and outside the country about the commitment given to the trade and transport facilitation efforts and in this regard ensures continuity of efforts” (UNESCAP, 2011).

Institutionalization and legal backing for a body may be crucial. However, the data collected in this study show that there is no intrinsic relationship between the level of institutionalization and the effectiveness of a body. Working groups that are not institutionalized may be effective if motivation is high and the necessary resources are made available. However, when there is a lack of general support, interest and leadership, the institutionalization of a body may trigger the necessary motivation and resources.

The majority (76 per cent) of trade facilitation bodies considered in this study were institutionalized to some extent. The remaining 24 per cent stated that the coordination platform was not institutionalized or did not answer the question.

Each country decides on the degree of institutionalization that is beneficial for a trade facilitation body based on its own administrative culture and political priorities. For the purposes of this study, the responses to the questionnaire were regrouped into the following three categories depending on the level of the authority that approved the creation of the body: governmental;¹¹ ministerial; and private initiative, e.g. promoted and hosted by the chamber of commerce. The majority (58 per cent) of trade facilitation bodies considered in this study were institutionalized at the governmental level, for instance, by a decision of the Cabinet of Ministers or by presidential decree. As trade facilitation bodies also have a coordinating role among public agencies, a legal basis at the governmental level may help address the potential conflicts of interest noted above. Institutionalization of 32 per cent of the bodies was at a ministerial level. The results show that WTO negotiations on trade facilitation support groups are usually institutionalized at the ministerial level through a decision of the Ministry of Trade. In most instances, this is due to the fact that the ministry responsible for the trade facilitation body is also primarily responsible for leading and preparing negotiating positions regarding the WTO Agreement on Trade Facilitation. Finally, only one in ten (10 per cent) trade facilitation bodies considered in this study corresponded to a private initiative and all of these were PRO committees.

The data show a relationship between the level of development of a country and the degree of institutionalization: the less developed a country, the higher the level of the authority institutionalizing the

¹¹ The governmental level includes those decisions taken at a level above a single ministry, that is, decisions that involve the entire executive branch and not just one ministry, including decisions taken by the council or Cabinet of Ministers, presidential decree, etc.

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trade facilitation body, as shown in table 3. Since stakeholders are less informed about trade facilitation in LDCs, only a higher and more knowledgeable authority might consider trade facilitation and the establishment of a trade facilitation body as a policy objective.

Table 3
Degree of institutionalization of trade facilitation bodies according to level of development
(Percentage)

Degree of institutionalization	Developed countries	Developing countries	Least developed countries
Governmental level/Cabinet of Ministers decision/presidential decree	27	41	50
Ministerial level	27	23	29
Private initiative	37	0	0
No answer/no institutionalization	9	36	21

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

Recommendation 2: Make it official – give the national trade facilitation body a strong legal backing.

As trade facilitation is a policy that includes different public stakeholders, institutionalization at the governmental level may be beneficial, in order to prevent conflicts of interest and in order to increase participation and ensure high-level political commitment. The implementation in national law of the WTO Agreement on Trade Facilitation may be a good starting point.

Terms of reference

Terms of reference are a document that sets up the basis for a common understanding among the parties involved in a trade facilitation body. In an ideal situation, terms of reference include the objectives of the committee, its scope of action and its working structure, among others. The document is created in consultation with and validated by the members of the group, setting the basis for building trust and dialogue within the group.

Nearly two-thirds (64 per cent) of the trade facilitation bodies considered in this study had defined terms of reference, as shown in table 4.¹² The most relevant factor influencing the adoption of terms of reference is the type of body. Terms of reference are less frequent among WTO negotiations on trade facilitation support groups (45 per cent). This may be explained by the fact that this type of group is created as a reactive, not proactive, collective effort, for which actions are determined by the evolution and content of the measures negotiated under the Agreement. Support groups were created to address a particular need, namely the follow up of multilateral negotiations. The working structure and frequency of action of a support group, as well as its functions and discussions, are determined by an external actor, namely the WTO Negotiating Group on Trade Facilitation. The terms of reference and deliverables of a support group are therefore considered built into the purpose of the group and do not need to be otherwise defined.

¹² When no answer was provided, it was assumed that the trade facilitation body did not have terms of reference.

CHAPTER 2: EMPIRICAL ANALYSIS OF KEY ELEMENTS OF trade facilitation BODIES

Table 4
Existence of terms of reference according to type of trade facilitation body
(Percentage)

Type of body	With terms of reference (64 per cent)	Without terms of reference (36 per cent)
PRO committee	78	22
National trade facilitation committee	82	18
National trade and transport facilitation committee	80	20
World Trade Organization negotiations on trade facilitation support group	45	55

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

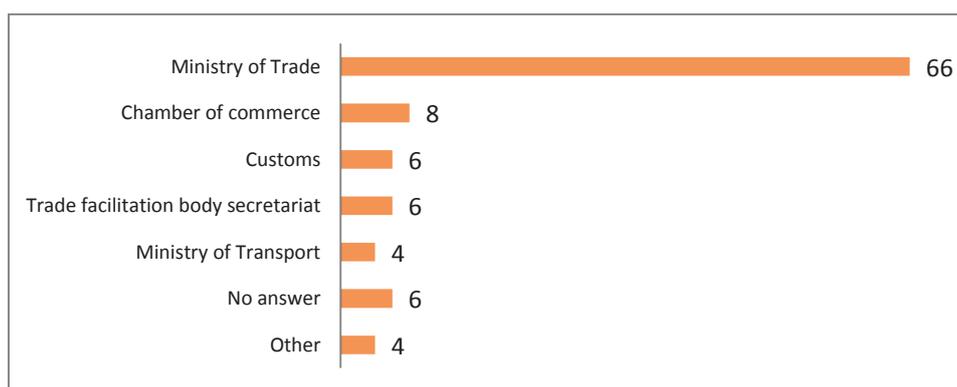
Recommendation 3: Set clear game rules – define terms of reference in a comprehensive and inclusive way.

Terms of reference should be defined and used as a tool to support the sustainability and efficient work of the trade facilitation body. They should be concrete but flexible and be agreed by all involved stakeholders.

Coordinating agency and permanent secretariat

In the questionnaire, countries were asked about the coordinating agency of their trade facilitation bodies. As shown in figure 6, the Ministry of Trade assumed the role of coordinating agency in a majority of cases (66 per cent). The second most common coordinating agency was the chamber of commerce (8 per cent), followed by customs (6 per cent), the secretariat of the trade facilitation body itself (6 per cent) and the Ministry of Transport (4 per cent).

Figure 6
Most common coordinating agencies of trade facilitation bodies
(Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

Two particular cases, included in figure 6 under other agencies, may be highlighted. The trade facilitation body of the Dominican Republic is coordinated by the National Competitiveness Council, a public institution

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with a mixed public–private board. In Sweden, the Swedish Trade Procedures Council is coordinated by the National Board of Trade, a specialized government agency responsible for issues related to foreign trade, the internal market and trade policy.

Analysis shows that the level of development of a country bears a close relationship to the coordinating agency: the less developed a country, the higher the probability that the Ministry of Trade will assume the role of coordinating agency. The Ministry of Trade was the coordinating agency in 79 per cent of LDCs and in 75 per cent of developing countries, but in only 55 per cent of developed countries.

The type of trade facilitation body may also have an influence on the choice of agency to coordinate the activities of the working group. For instance, NTFCs and WTO negotiations on trade facilitation support groups tend to be coordinated by the Ministry of Trade, whereas other agencies assume the coordination role in PRO committees, as shown in figure 7.

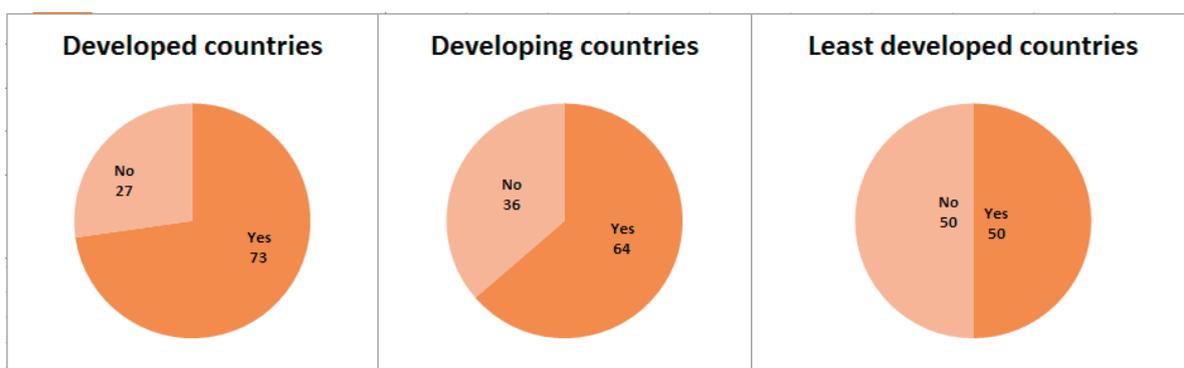
Figure 7
Coordinating agencies according to type of trade facilitation body
 (Numbers based on answers from 47 countries)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

The questionnaire also asked whether the national trade facilitation body had a permanent technical secretariat. The majority (60 per cent) of countries responded affirmatively to the question. As shown in figure 8, the probability that a trade facilitation body will have a permanent secretariat increases with the level of development of a country. Only 50 per cent of the trade facilitation bodies in LDCs had a permanent secretariat while 73 per cent of the trade facilitation bodies in developed countries did so. This may be explained by the availability of the necessary resources associated with the establishment of a permanent secretariat.

Figure 8
Existence of permanent secretariat according to level of development
(Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

As shown in figure 9, 75 per cent of the PRO committees had a permanent secretariat, but only 50 per cent of WTO negotiations on trade facilitation support groups did so. This may be explained by the fact that some of the latter were operationalized as ad hoc temporary bodies.

Figure 9
Existence of permanent secretariat according to type of trade facilitation body
(Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

Recommendation 4: Provide the national trade facilitation body with a permanent secretariat.

Countries should consider whether the Ministry of Trade should assume the role of coordinating agency or whether this role may be shared with other public organizations (e.g. customs) essential for trade facilitation or with the private sector (e.g. chamber of commerce). Resources should be allocated to the establishment of a permanent secretariat. Support from donors and international agencies should be provided for the latter, especially in the case of LDCs.

Regularity of meetings

As a permanent institution, a trade facilitation body is expected to meet on a regular basis. Regularity will help to provide the required follow up on the different issues addressed and to strengthen the motivation of participants. The majority (78 per cent) of trade facilitation bodies surveyed stated that they met regularly. The results do not show a particular relationship between the type of body and any regularity of meetings. However, the data show a positive correlation between the level of development of a country and the regularity of meetings. While only 64 per cent of trade facilitation bodies in LDCs indicated that they met regularly, 86 per cent in non-LDC developing countries and 91 per cent in developed countries indicated that they did so.

The definition of meeting regularly varies by country. Among the respondents, only 29 countries specified how often their trade facilitation body met, as shown in table 5. The majority (87 per cent) of trade facilitation bodies met at least quarterly or more often.

Table 5
Frequency of meetings
 (Percentage based on answers from 29 countries)

Once per year	3
At least twice per year	10
At least four times per year	56
Once every two months	7
At least once per month	14
Twice per month	10

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

It may be noted that the schedule of negotiations had a direct impact on the frequency of meetings of WTO negotiations on trade facilitation support groups. The WTO Negotiating Group on Trade Facilitation usually met quarterly, as did the majority of national support groups. Of the 22 WTO negotiations on trade facilitation support groups considered in this study, 16 (73 per cent) affirmed that they met regularly and a large majority of those (88 per cent) stated that they met at least four times per year or more often.

Recommendation 5: Meet regularly.

The regularity and frequency of meetings can contribute to the sustainability of a trade facilitation body. Establishing that the body will meet on the first Wednesday of each quarter, for instance, will help members to plan their calendars based on fixed dates and ensure that they are present for each session of the working group. The regularity of meetings is essential for the monitoring and follow up of the activities of the trade facilitation body, which was noted by survey respondents as an important success factor.

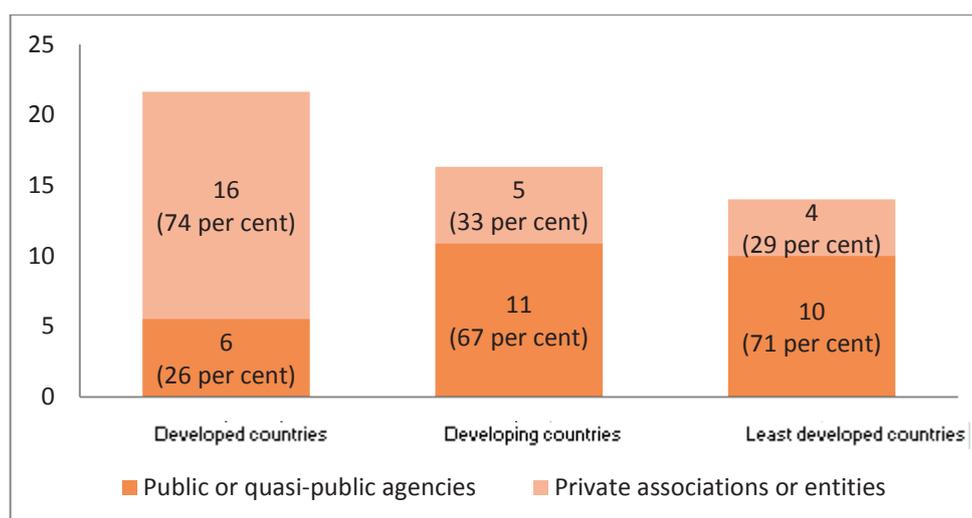
III. COMPOSITION

In pursuing their shared objectives, various participants from a wide range of public and private organizations may take part in the activities of a national trade facilitation body. The composition of a trade facilitation body is key to its success, as “a common problem is to get reform proposals from committees to the implementation stage. To address it, relevant ministries need to be represented by officials with decision-making powers who can facilitate implementation” (UNCTAD, 2006).

Among the national trade facilitation bodies surveyed, the average membership was 17 members. In addition, all developed countries included in this study had consultation mechanisms that were established and regulated by law. The data show a positive correlation between the level of development of a country and membership: the more developed a country, the more members are included in the trade facilitation body (see figure 10). One reason may be that developed countries have, in general, more resources to manage and encourage inclusiveness.

However, the results show that there is no clear pattern of balanced participation between the public and private sectors. The responses provided to the questionnaire indicate that the majority (57 per cent) of participating organizations were public or quasi-public institutions, while only 43 per cent were private associations or entities. The type of body, level of development of a country and geographical region may have a strong influence on the ratio of public to private stakeholders. In fact, in developed countries, the number of private agencies registered as members of trade facilitation bodies was significantly higher than the number of public agencies. While at least two-thirds of members were public entities in developing countries (67 per cent) and LDCs (70 per cent), only 26 per cent of participants in developed countries represented the public sector. The number of representatives from the private sector decreases to four in LDCs (see figure 10). In other words, a trade facilitation body in a developed country will include on average 16 private associations and entities and five public or quasi-public agencies. However, a trade facilitation body in a developing country will include five members from the private sector and 10 from the public sector.

Figure 10
Average number of members of a trade facilitation body according to level of development



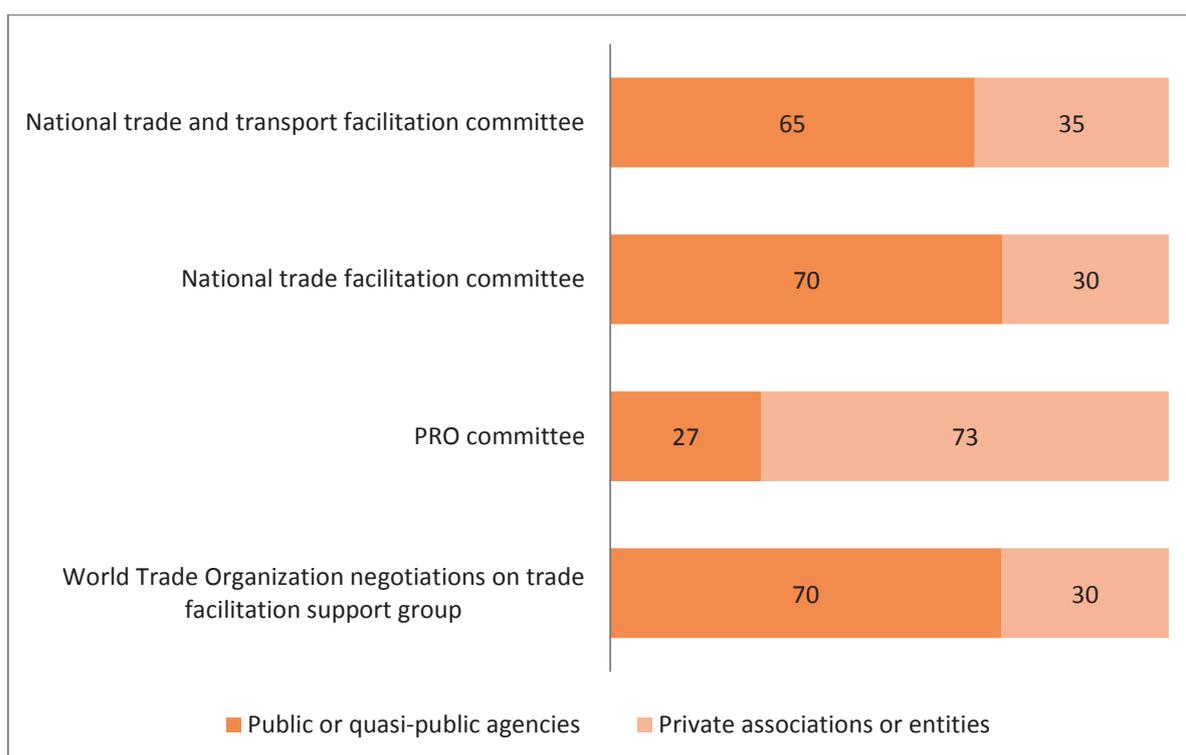
Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

NATIONAL TRADE FACILITATION BODIES IN THE WORLD

The role of the private sector in fostering trade facilitation seems to be better acknowledged in developed countries than in developing countries and LDCs. As previously noted, in developed countries, consultation with the private sector tends to be a common practice for a large variety of public policies and rules, not only trade facilitation, and might even be a mandatory practice established by law. Inversely, in LDCs, the private sector tends to be less organized and significantly less aware of trade facilitation and the benefits for national trade facilitation bodies. A key factor is not only granting them the right to voice their concerns and positions but rather in convincing and empowering them to do so.

Figure 11 shows the average proportion of public and private organizations according to the different types of trade facilitation bodies. The private sector had a higher level of representation in PRO committees (73 per cent) than in any other type of trade facilitation body. As noted in chapter 1 (p. 27), the focus of PRO committees is on public–private partnerships rather than inter-agency coordination, and a high level of involvement by the private sector is one of the characteristics of this type of working group. PRO committees were mostly set up in European developed countries and, consequently, the proportion of public to private organizations in countries with PRO committees closely resembles the proportion in developed countries. Higher participation levels by private entities may thus generally be related to location in a developed country with a PRO committee set-up.

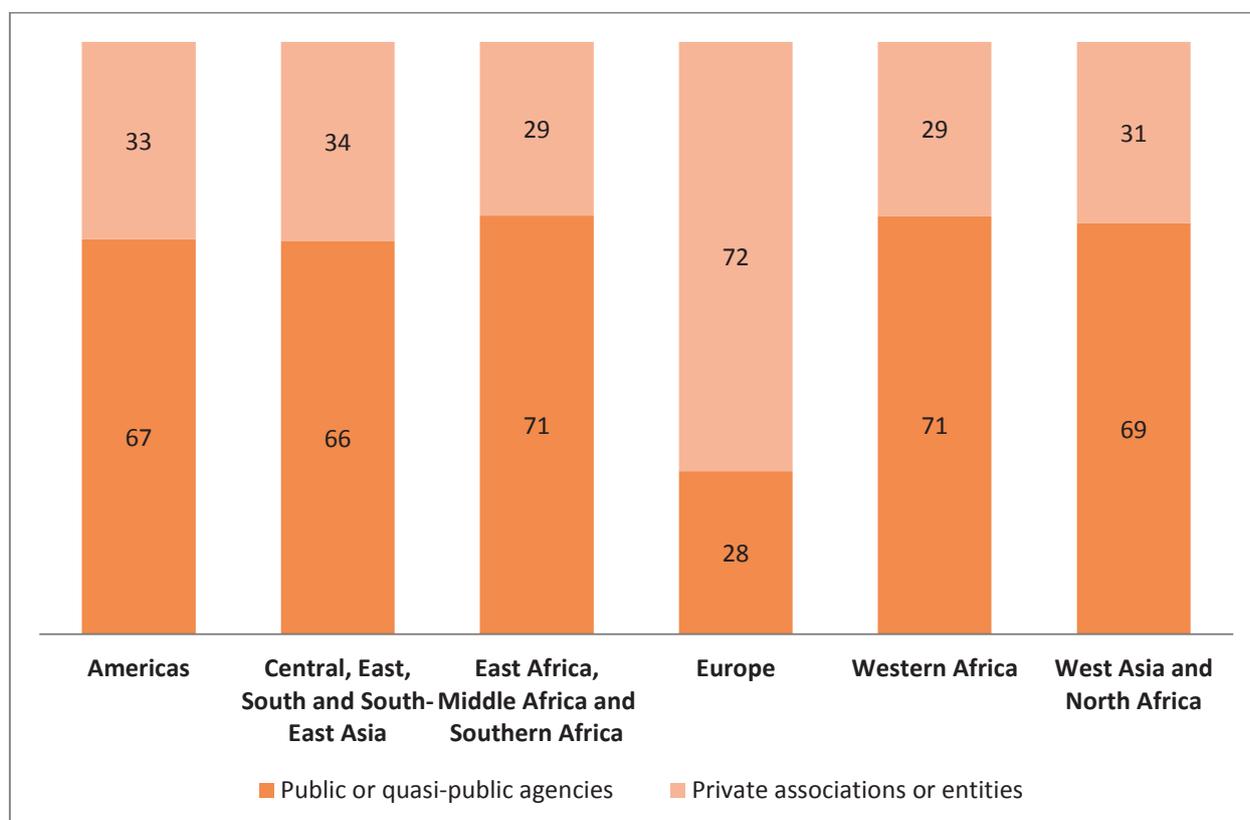
Figure 11
Average proportion of public to private organizations according to type of trade facilitation body
(Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

The majority of PRO committees and developed countries considered in this study were situated in Europe, and there is a notable difference in the public–private ratio in this region compared with other regions, as shown in figure 12.

Figure 12
Average proportion of public to private organizations according to region
(Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

While there is a greater likelihood of a higher proportion of private sector members in a developed country in Europe with a PRO committee set-up, there are a few exceptions, such as the less than overall average participation of private organizations in a few developed countries with PRO committees and the higher than overall average of private entity participation in a number of developing countries with other-than-PRO-committee set-ups.¹³

Recommendation 6: Be inclusive – trade facilitation is a cross-divisional and cross-sectorial endeavour.

Developing countries and LDCs should make an effort to increase the number of participants in their trade facilitation bodies, especially from the private sector.

¹³ An other-than-PRO-committee set-up includes NTFCs, NTTFCs and WTO negotiations on trade facilitation support groups.

IV. COMMUNICATIONS AND PROMOTION

This section considers first the main communications channels used by trade facilitation bodies to reach their members and direct stakeholders and second whether trade facilitation bodies promote their activities among other working groups and to the general public.

Main communications channels with stakeholders

A communications channel may be defined as the instrument used to pass a message from a sender to a recipient. In the context of trade facilitation bodies, the committees are the senders and their members and direct stakeholders are the recipients of the message. The questionnaire asked how all stakeholders were kept informed of working group meetings, new documents and upcoming events. Respondents cited a variety of communications channels and tools, such as events, websites, e-mails, facsimiles, mail, reports and background information, official communications, minutes of meetings, advertising, press releases, newsletters and/or magazines, television, radio, telephones and short message services. Some of these items are communications channels, such as websites, mail, television, radio, telephones and short message services, while others may be defined as communications products, such as reports, background information, press releases and newsletters, to be disseminated via a determined channel. Reports, for instance, constituted 7 per cent of the communications instruments cited by respondents.¹⁴

The main instruments used for communicating with stakeholders were e-mails (26 per cent), events (19 per cent) and websites (10 per cent). As trade facilitation bodies are platforms for sharing relevant information with stakeholders, it is logical that nearly one-fifth of respondents described the meetings of their working groups as a communications instrument.

Website were the third most-often cited communications channel. However, 82 per cent of trade facilitation bodies using the Internet to reach stakeholders were in developed countries, and it may be noted that 82 per cent of bodies using the Internet were PRO committees. Websites are thus not necessarily used as a communications channel by trade facilitation bodies in developing countries and LDCs. However, some best practices in terms of online communications can also be found in these countries.¹⁵

Interaction with other groups

As previously noted, trade facilitation requires close and strong interaction between many different actors. For instance, it is essential to the successful implementation of trade facilitation measures that subjects dealt with or addressed by NTFCs be linked to the actions of other groups dealing with transport facilitation.

WTO negotiations on trade facilitation support groups might need to interact with other WTO groups dealing with agreements on sanitary and phytosanitary or technical barriers to trade established as part of the national trade facilitation body, as occurs for instance in Benin and Botswana. However, analysis shows that 83 per cent of the WTO negotiations on trade facilitation support groups did not interact with other groups.

Of the 50 trade facilitation bodies considered in this study, 78 per cent stated that they interact with other working groups. A total of 12 per cent stated that they lacked such interaction, while 10 per cent did not know of such interaction or did not answer the question.

¹⁴ It may be noted that 63 per cent of trade facilitation bodies using reports as communications instruments were in LDCs.

¹⁵ One example of best practices in communications in a developing country is the online platform of the National Committee for Trade and Transport Facilitation of Jordan (<http://www.ttf.gov.jo/ttf/>).

Information for the public

Trade facilitation reforms can have profound implications for the general public and many trade and transport stakeholders. Trade facilitation bodies should therefore develop a strategy for communications with these audiences. For instance, dissemination events may be organized to provide information to other stakeholders that are not necessarily members of the trade facilitation body but may be affected by forthcoming trade facilitation reforms.

Only 52 per cent of trade facilitation bodies responded that they communicated information about their activities with the general public or other targeted stakeholders. For example, the Sudan National Working Group on Trade Facilitation reaches out to the public through newspapers, professional magazines, radio and television (UNCTAD, 2014).

The capacity and willingness to inform the general public and particular stakeholders depends on the type of trade facilitation body, the level of development of a country and the geographical region. In considering the type of trade facilitation body, PRO committees (38 per cent) and WTO negotiations on trade facilitation support groups (31 per cent) tended to communicate more than NTFCs (23 per cent) and NTTFCs (8 per cent), as shown in table 6. The WTO negotiations on trade facilitation are a topic that has been in the international public arena on a regular basis over the past decade and this explains the higher interest of journalists and particular stakeholders that has led to efforts to reach out to the general public. However, the majority of PRO committees are situated in developed countries in Europe, which tend to already have well-established structures and practices accounting for and communicating with regard to their endeavours to general audiences. In considering geographical regions, Europe had a greater number of trade facilitation bodies that communicate with the general public (38 per cent). All trade facilitation bodies situated in developed countries stated that they communicate with the general public and relevant stakeholders. Analysis shows that the level of development of a country bears a close relationship to the communications strategies of different trade facilitation bodies towards the general public. While 100 per cent of trade facilitation bodies in developed countries reached out to the general public, only 77 per cent of bodies in developing countries did so and the number decreases to 64 per cent in LDCs.

Table 6
Trade facilitation bodies that communicate with the general public and particular stakeholders, according to region and type of trade facilitation body
(Percentage)

Region	
Americas	12
Central, East, South and South-East Asia	12
West Asia and North Africa	12
East Africa, Middle Africa and Southern Africa	12
West Africa	15
Europe	37
Type of trade facilitation body	
National trade and transport facilitation committee	8
National trade facilitation committee	23
World Trade Organization negotiations on trade facilitation support group	31
PRO committee	38

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

Recommendation 7: Take every opportunity to raise awareness about trade facilitation.

The establishment of a website may be a useful tool for strengthening the trade facilitation body as a platform for dialogue with the private sector, as well as for coordination, awareness raising and information sharing. Donors that wish to assist LDCs in this task should take into consideration potential challenges, such as a high level of computer illiteracy among trade facilitation body members or the lack of Internet access in many agencies. Additional training and resources should be allocated to address these possible challenges. Trade facilitation reforms can have profound implications for the general public and certain stakeholders. Trade facilitation bodies should therefore contemplate a strategy to communicate with these audiences if deemed necessary. For instance, additional events may be organized to inform other stakeholders that are not necessarily members of the body but might be concerned by forthcoming trade facilitation reforms.

V. FINANCING

With an allocated budget, trade facilitation bodies might cover operational needs such as office rental and equipment, software tools, reproduction and publications services, telephones and facsimile machines, translation services, meeting organization, training sessions, public information provision and media outreach and even secretariat employee salaries, if permanent staff members are employed (UNCTAD, 2014).

In 26 of the 50 countries considered in this study, these costs were partly or fully covered by national public administrations. This is essential for the financial sustainability of a trade facilitation body as “experience has shown that financial support from the Government, be it in the form of regular budgetary contributions or grants, is vital to sustaining the committee in its early development and throughout its existence. However, complementary income-earning activities are needed to bolster financial soundness. Activities could consist in offering training courses at a fee, organizing workshops or operating a franchise of international bodies or their products” (UNCTAD, 2006).

This set of questions received the fewest responses, and it is noteworthy that a high number of respondents opted not to answer the relevant questions or marked them as not applicable.

The financing of trade facilitation bodies may be crucial to the sustainability of working groups. Many trade facilitation bodies were in operation while financially supported by donors, but dissolved once such funding ceased, for instance in Afghanistan (UNCTAD, 2014). As shown in table 7 and table 8, the source of financing varies depending on the type of trade facilitation body and the level of development of a country. In considering the source of financing according to type of body, private financing is mostly available only to PRO committees (37 per cent). The Government, at times with support from donors, is the most usual source of financing for NTFCs, NTTFCs and WTO negotiations on trade facilitation support groups.

CHAPTER 2: EMPIRICAL ANALYSIS OF KEY ELEMENTS OF trade facilitation BODIES

Table 7
Source of financing according to type of trade facilitation body
(Percentage)

Source	PRO committee	National trade facilitation committee and national trade and transport facilitation committee	World Trade Organization negotiations on trade facilitation support group
Donors	9	0	0
Donors and Government	9	18	5
Private	37	6	0
Government	18	47	5
Private and Government	18	0	0
No answer	9	29	3

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

In considering the source of financing according to the level of development of a country, it may be noted that the share of trade facilitation bodies financed solely by the Government is inversely proportional to the level of development of a country. Only 18 per cent of trade facilitation bodies in developed countries are financed exclusively by the Government, compared with 71 per cent of trade facilitation bodies in LDCs. This is consistent with the previously noted fact that the private sector in LDCs may not always be aware of the benefits, including financial benefits, that participating in national trade facilitation bodies may bring.

Donors are only responsible for the financing of 7 per cent of trade facilitation bodies in LDCs, which corroborates the demonstrated fact that, although “the share of aid assigned to trade facilitation [goes up], the share is lower for LDCs than for non-LDC developing countries” (UNCTAD, 2013a). In 2011, the share of aid to trade facilitation in LDCs was only 0.05 per cent compared to 0.11 per cent for non-LDCs.

Table 8
Source of financing according to level of development
(Percentage)

Source	Developed	Developing	Least developed countries
Donors	0	0	7
Donors and Government	9	14	0
Private	37	5	0
Government	18	45	72
Private and Government	18	0	0
No answer	18	36	21

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

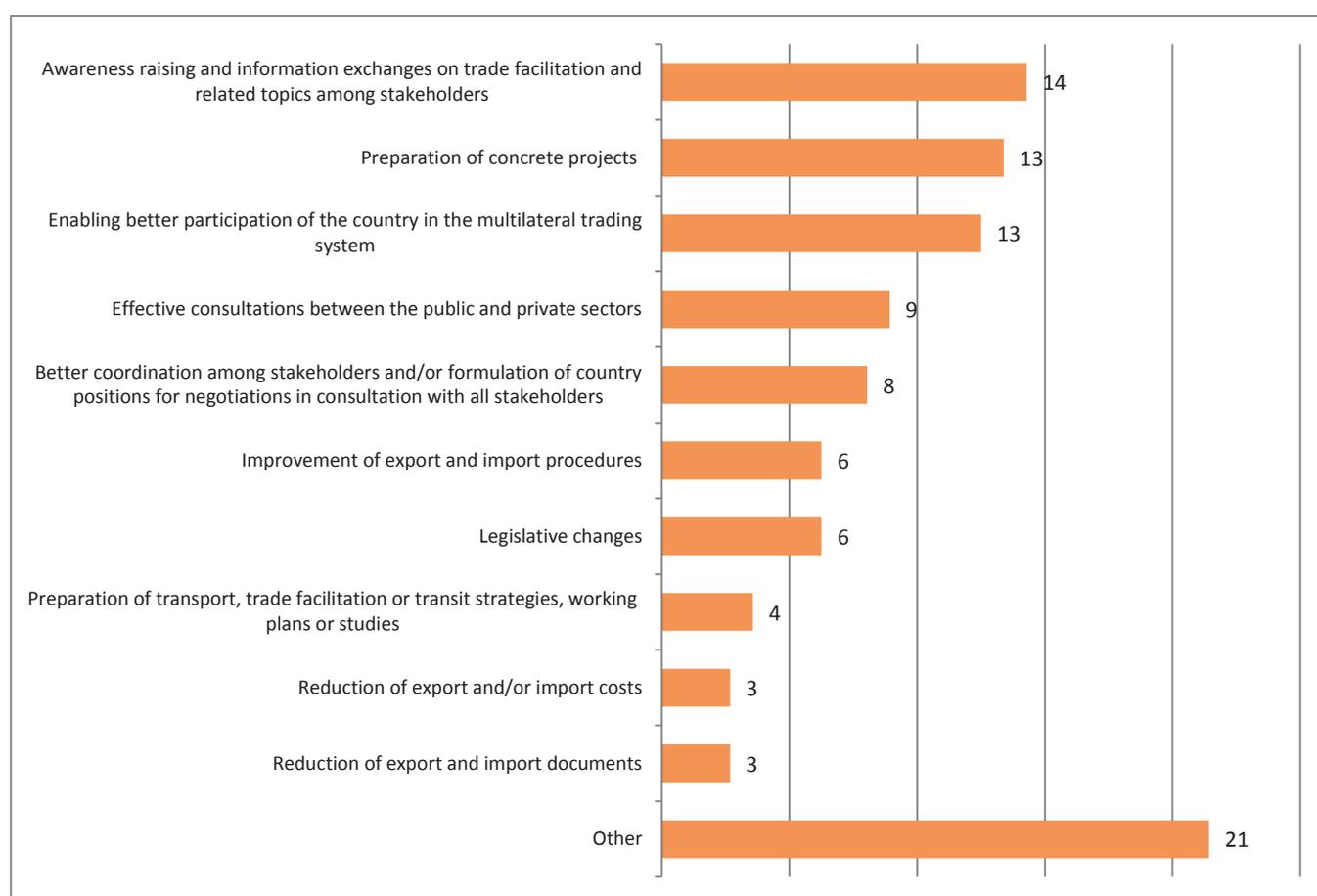
Recommendation 8: Provide the national trade facilitation body with the necessary resources.

As the lack of financial resources can strongly influence the sustainability of a trade facilitation body, it is especially recommended that developing countries and LDCs systematically include tasks and budget allocations for trade facilitation bodies when applying for international funds for concrete projects in trade facilitation. Sharing costs among public and private institutions may also be a solution in this regard.

VI. OUTPUTS AND IMPACTS

This section discusses the outputs and impacts indicated by the 50 trade facilitation bodies considered in this study. The 10 most-often cited outputs and impacts are shown in figure 13. The three outputs cited the most often were awareness raising and information exchanges on trade facilitation and related topics among stakeholders (14 per cent), preparation of concrete projects (13 per cent) and enabling better participation of the country in the multilateral trading system (13 per cent). Other outputs cited were the publication of customs clearance texts and procedures, determination of needs and priorities of the country in terms of trade facilitation, creation of logistics centres and establishment of a one-stop border post.¹⁶

Figure 13
Outputs and impacts of trade facilitation bodies
 (Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

¹⁶ Other impacts cited were the facilitation of transit, reduced traffic police checks, increased security in transport, decrease of non-tariff barriers to business, decrease of illegal obstacles to trade, optimal conditions for business activities, reduced administrative procedural formalities for a business constitution, increased capacity for raising funds for the design of projects, increased capacity for making proposals, protection of the economic interests of the country, standardized use of e-commerce and standardization of procedures.



The type of trade facilitation body and the level of development of a country influence the outputs and impacts highlighted. Awareness raising and information exchanges was the impact cited the most often by PRO committees. Both NTFCs and NTTFCs noted that the preparation of concrete projects was the most important benefit for them. Enabling better participation of the country in the multilateral trading system was, as may be expected, the impact cited the most often by WTO negotiations on trade facilitation support groups in developing countries, while LDCs cited the preparation of concrete projects as a frequent output of trade facilitation bodies. In developed countries, where the majority of PRO committees are located, awareness raising and information exchanges was the biggest impact of their trade facilitation bodies.

Recommendation 9: Establish monitoring and evaluating mechanisms to measure results.

For a well-functioning trade facilitation body, presenting concrete results and/or monitoring results is considered essential. However, only a few trade facilitation bodies use these kinds of tools in a systematic way. There is a need, therefore, to develop evaluation and monitoring techniques adapted to the needs of trade facilitation bodies.

CHAPTER 3: SHARING LESSONS LEARNED

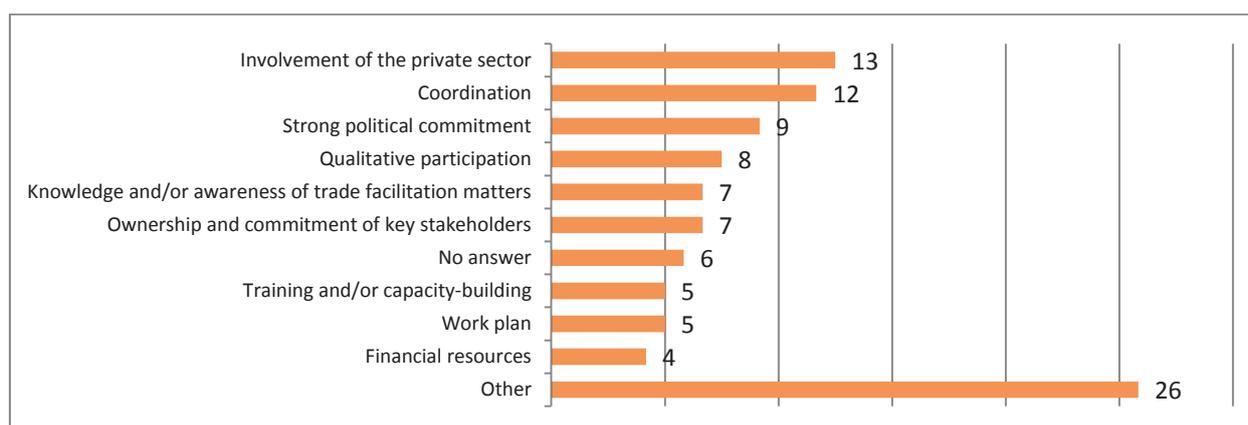
The set of questions under the heading of lessons learned asked trade facilitation bodies what they considered their key success factors, main obstacles and main lessons learned. The prevailing administrative culture in a country has a high level of impact in these three areas. Analysis reveals further similarities and patterns, especially in considering parameters such as the type of trade facilitation body considered and the level of development of a country.

I. KEY SUCCESS FACTORS

Success factors are elements that positively contribute to attaining the objectives set by a trade facilitation body and that help to effectively develop its activities. As shown in figure 14, most of the key success factors indicated were in relation to the members of the trade facilitation body and their behaviour towards the group, as follows: members of the group should include the private sector (13 per cent); members should work in a coordinated way (12 per cent); the trade facilitation body needs to be supported by a strong political commitment (9 per cent); participation should be qualitative (8 per cent); members should be experts on trade facilitation and have knowledge and/or awareness of trade facilitation matters (7 per cent); and participation should show ownership and commitment towards the group (7 per cent). Also cited was the fact that, to support their work, training and/or capacity-building (5 per cent), an appropriate work plan (5 per cent) and the necessary financial resources (4 per cent) were essential.¹⁷

These findings are critical, as they show that elements that may be provided by donors, such as training and capacity-building, appropriate work plans and financial resources, are important but not as significant as being able to rely on the relevant members to support the trade facilitation body and work towards its goals.

Figure 14
Key success factors for trade facilitation bodies
(Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

¹⁷ Other success factors listed were leadership, strong links with international trade facilitation institutions, technical assistance, regular updates and monitoring of trade facilitation measures, existence of a permanent secretariat, trust and respect, communications, flexibility in the organization, formal establishment of the group, methodology applied to the working structure of the committee, placing the committee and secretariat in the same location, regularity of meetings, stability of participants (i.e. with the same officials participating), sustainability, synergy and transparency.

Consideration of the top three success factors according to the level of development of a country, as shown in table 9, reveals that donor support and technical assistance may be essential for LDCs, which cited financial resources as the most important success factor, followed by qualitative participation and development of a work plan. While this is to be expected, as LDCs may not achieve desirable goals without the proper means, adequate promotion strategies may also help mobilize domestic resources, whether these are publicly sourced or business-sourced. The WTO Agreement on Trade Facilitation will help raise trade facilitation on the list of national priorities for all potential sources, including external, but concrete returns should provide incentives for business sectors and public agencies to devote resources to trade facilitation programmes and bodies.

Public and private stakeholders can support trade facilitation bodies through seconded personnel or by providing part-time staff assistance, resources, financing or office space, and this is also true in LDCs. While available financing was most frequently cited as a success factor, this may also be obtained through promoting the benefits of trade facilitation to business sectors in exchange for support in the form of know-how and technologies. The benefits of trade facilitation for public administrations may be promoted in terms of savings that allow for the partial reallocation of saved expenditures as funds for the sustainable operation of a national trade facilitation body.

Table 9
Top three success factors according to level of development

Developed countries
1. Knowledge and/or awareness of trade facilitation matters
2. Involvement of the private sector
3. Coordination
Developing countries
1. Involvement of the private sector
2. Coordination
3. Strong political commitment
Least developed countries
1. Financial resources
2. Qualitative participation
3. Work plan

Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

II. MAIN OBSTACLES

Obstacles are elements that might hinder or delay the implementation of measures and thereby the achievement of the goals set by a trade facilitation body. Obstacles will negatively influence the effective development of a body's activities. Lacking one of the success factors described in the previous section may be considered a significant obstacle and such a lack was indeed cited by respondents. However, it may be noted that the value assigned to these elements varied depending on whether they were labelled success factors or obstacles, as illustrated in the following two examples.

Financial resources were considered a crucial success factor by only 4 per cent of the countries considered in this study (five countries). However, the lack of financial resources was highlighted as the greatest

NATIONAL TRADE FACILITATION BODIES IN THE WORLD

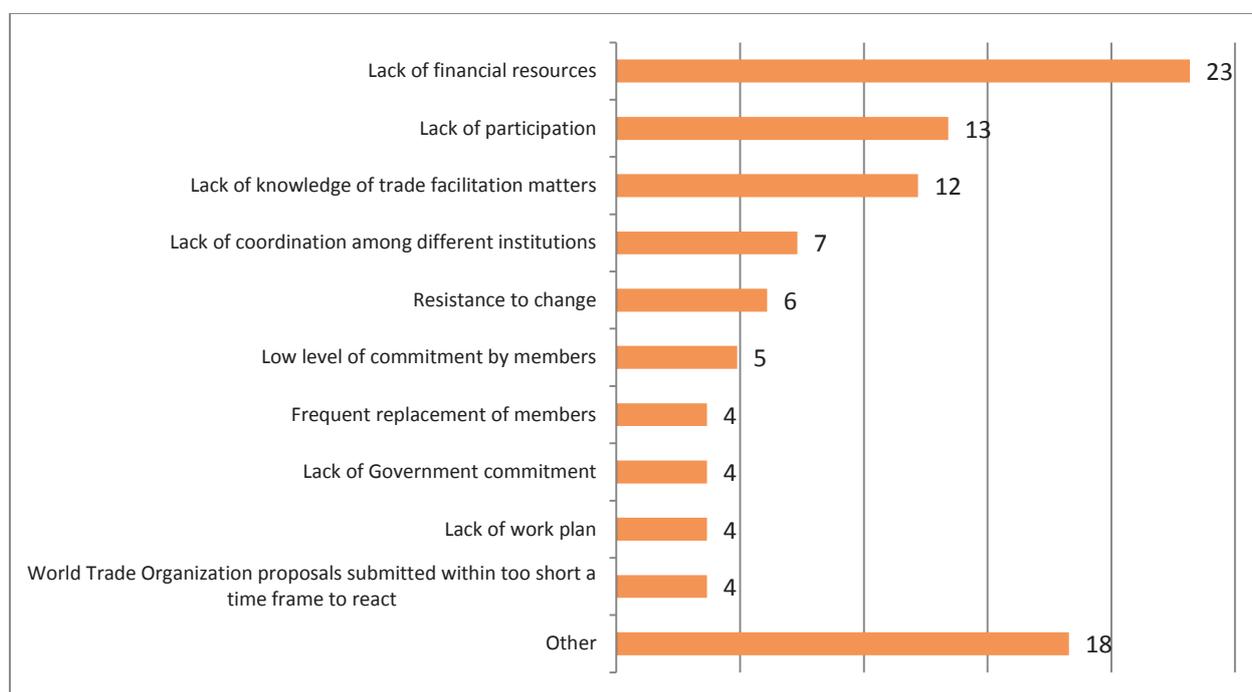
obstacle by 23 per cent or nearly one-fourth of the countries (19 countries). Of those, 10 were LDCs and the others developing countries or transition economies.

With regard to involvement of the private sector, such participation is always positive, and was cited as the most crucial success factor, but not cited as an obstacle. This reaffirms the fact that active involvement of the private sector by the public sector will positively influence the work of trade facilitation bodies and should therefore be strongly encouraged and promoted.

Notwithstanding the above exceptions, the most frequently cited obstacles often involved the lack of the same elements that were cited under success factors, as shown in figure 15. Aspects related to the members of the trade facilitation body and their behaviour towards the group were strongly represented. Lack of participation was the second most-often cited obstacle (13 per cent), closely followed by lack of knowledge of trade facilitation matters (12 per cent). Other obstacles for trade facilitation bodies among the top 10 most frequently cited were the lack of coordination among different institutions (7 per cent), low level of commitment by members (5 per cent), frequent replacement of members (4 per cent) and lack of Government commitment (4 per cent).

Two obstacles cited had no equivalent among the list of success factors, WTO proposals submitted within too short a time frame to react (4 per cent) and resistance to change (6 per cent). The latter was considered the greatest obstacle for trade facilitation bodies in developed countries.

Figure 15
Main obstacles faced by trade facilitation bodies
(Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

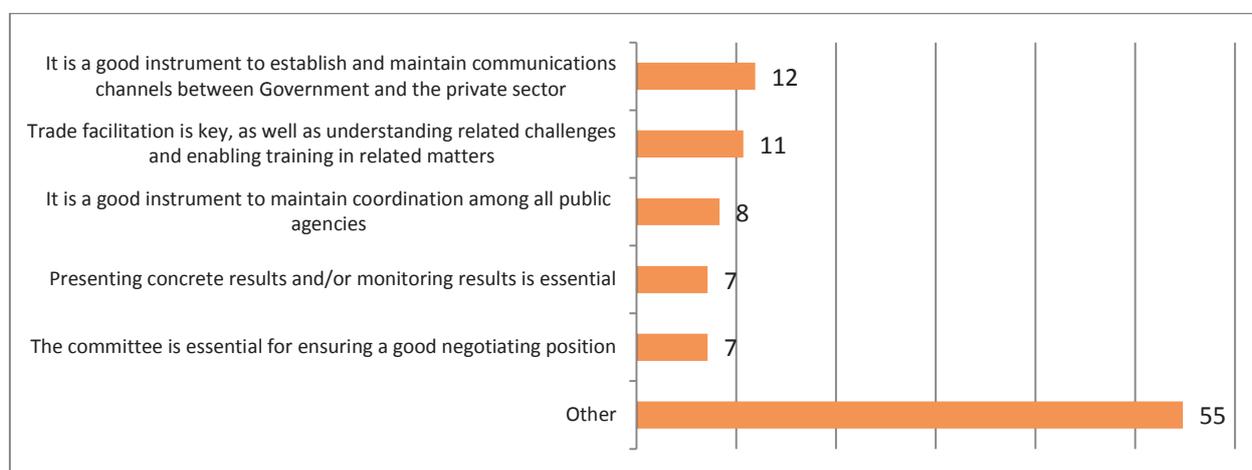
Other obstacles cited by one or more respondents included the following: lack of a permanent secretariat and/or personnel; lack of communication of results; conflicts of interest among different government

agencies; content-related obstacles; economic crisis; high level of bureaucracy in some public institutions; lack of institutionalization of the committee; lack of interest by the private sector; lack of precision of the responsibilities of each member; lack of regularity of meetings; lack of transparency; political instability; and unrealistic objectives.

III. MAIN LESSONS LEARNED

The disparity of the types of trade facilitation bodies responding to the questionnaire resulted in a wide range of answers regarding lessons learned. The five lessons cited the most often are shown in figure 16.

Figure 16
Main lessons learned by trade facilitation bodies
(Percentage)



Source: UNCTAD, based on data from the online repository of national trade facilitation bodies, available at <http://unctad.org/tfc>.

The function of trade facilitation bodies as coordination mechanisms whereby fruitful dialogue may be developed among public stakeholders and between the public and private sectors was highlighted. Trade facilitation bodies were noted as an efficient instrument to establish and maintain a communications channel between the Government and the private sector (12 per cent) and to maintain coordination among all public agencies (8 per cent). Dialogue between the public and private sectors was the most important lesson learned cited by both developed and developing countries, while LDCs emphasized that trade facilitation bodies improved coordination among public stakeholders. The importance of trade facilitation bodies as platforms for dialogue between the public and private sectors lay at the origin of the establishment of the first trade facilitation committees in the 1970s and is one of the core components of many of the United Nations guidelines and recommendations on this topic, as noted in chapter 1 (p. 21).

The benefits of a public–private dialogue are well known. Such dialogue provides stakeholders with a platform to voice their points of view, seek clarification and build trust and consensus. This helps to provide transparency and accountability, leading to effective trade facilitation reforms suggested and implemented. Informing the private sector of forthcoming reforms gives time to prepare for forthcoming legislative and procedural changes and helps to ensure overall compliance.

NATIONAL TRADE FACILITATION BODIES IN THE WORLD

Trade facilitation bodies were recognized by respondents as knowledge-sharing and learning platforms. One of the most-often cited lesson learned was that having a trade facilitation body contributes to raising awareness of the fact that trade facilitation is key, as well as understanding related challenges and enabling training in related matters (11 per cent). For a well-functioning trade facilitation body, presenting concrete results and/or monitoring results was essential (7 per cent).

Finally, given that 44 per cent of the trade facilitation bodies considered in this study were WTO negotiations on trade facilitation support groups, it was to be expected that the importance of the platform for ensuring a good negotiating position would be noted, and was cited under lessons learned by 7 per cent of the respondents.

Other lessons learned accounted for 55 per cent of all responses in this category and are shown in groups as follows:

Resources

- Financial resources are essential.
- Having a secretariat and enough human resources is essential.

Institutionalization and working structure

- The institutionalization of the group is key.
- Having a defined working plan is essential.
- Forming subgroups on specific topics is essential.
- Meeting regularly is crucial.
- Mandate should be flexible to adapt to necessities over time.
- A practical approach is important to attract the interest of stakeholders, especially in business.
- Having meetings with high officials is a useful tool to obtain their commitment to support the work of the group and political commitment is essential.

Participants

- The motivation and availability of group members is essential.
- Implementing a trade facilitation agenda requires persistence and persuasion.
- Leadership is a crucial element.
- It is necessary to have more representatives in the permanent mission in Geneva, Switzerland.
- Teambuilding and building trust are essential.

Outcomes

- There are no universal simplification rules, but rules tend towards the same vision.
- The benefits of standardization are essential.
- It is good preparation for implementation of the agreement.

- The body can be of great help for the implementation of concrete projects.
- Dialogue helps to resolve tensions.
- The self-assessment exercise is critical and motivating.
- Taking all necessary steps in order to report to the national committee problems and obstacles in the implementation of decisions, together with proposed corrective actions.

Uncategorized

- Maintain contact with the United Nations Centre for Trade Facilitation and Electronic Business and UNECE is convenient.
- Set up a time frame for the submission of comments or observations.
- Legal changes in trade are essential.
- It is important to carry out preliminary studies on the needs of the private sector to include them in the work plan.
- Do not wait for signature of the WTO Agreement on Trade Facilitation to start facilitating trade.
- Information distribution on national and international activities is essential.

Recommendation 10: Always involve the private sector.

The majority of obstacles faced by trade facilitation bodies are in relation to the members of the body and their behaviour towards the group. The chairperson of the group should be carefully selected and, if necessary, undertake specific training, such as on negotiation techniques and how to deal with difficult members, among others. This will help the leader of the group to turn possible challenges into opportunities.

The public sector and/or lead agency of the trade facilitation body should actively and genuinely involve the private sector in the body, as this is the most important success factor for a body. The public sector should ensure that the involvement of the private sector is inclusive and representative. It is not enough to invite the private sector to meetings of the group. Rather, the private sector should also participate in the formulation of the terms of reference. The public sector should employ the necessary techniques to encourage and promote participation. One possibility may be shared chairpersonship or leadership by rotation between the public and private sectors.

CONCLUSIONS

A growing number of trade facilitation bodies have been created over the past 40 years. Some bodies have learned to adapt to new challenges and opportunities while others dissolved some years after their creation. New forms of trade facilitation bodies have joined long-existing PRO committees and NTTFs, and the increasing importance of trade facilitation has resulted in the creation of several NTFCs, while NTTFs are limited to those that were created within the framework of a technical assistance project. WTO negotiations on trade facilitation support groups are the dominant form. Since 2004, more than 30 national groups have been created. There is a political momentum for them since, as the WTO Agreement on Trade Facilitation negotiations are finalized, existing support groups may have to reformulate their mandates and scopes or, in some cases, they might be dissolved and recreated.

Regardless of the type of body, the main challenge for trade facilitation working groups is sustainability. This study shows that there is no one determining element, such as institutionalization of the trade facilitation body, but that many aspects may account for the sustainability of a group. The relative importance of each element depends on the administrative culture in a country. However, analysis shows that the level of development of a country is the most influential factor for a trade facilitation body. The type of body and its geographical region may also be determining factors.

Some of the key findings of the study are summarized as follows:

- The creation of more than one-third of the national trade facilitation bodies surveyed was externally motivated, and such a basis might endanger the sustainability of the working group.
- The type of the trade facilitation body has a strong influence on the functions of the working group.
- Institutionalization and legal backing for a body may be crucial, but the data collected in this study show that there is no intrinsic relationship between the level of institutionalization and the effectiveness of a body. The data show a relationship between the level of development of a country and the degree of institutionalization: the less developed a country, the higher the level of the authority institutionalizing the trade facilitation body.
- The level of development of a country bears a close relationship to the coordinating agency: the less developed a country, the higher the probability that the Ministry of Trade will assume the role of coordinating agency. In a limited number of cases, other entities such as the chamber of commerce or customs agency may assume the role of coordinating agency. The probability that a trade facilitation body will have a permanent secretariat increases with the level of development of a country. The majority of trade facilitation bodies surveyed affirmed that they had a permanent secretariat.
- The data show a positive correlation between the level of development of a country and the regularity of meetings: the less developed a country, the less frequent the meetings of the trade facilitation body.

- The data show a positive correlation between the level of development of a country and membership: the more developed a country, the more members are included in the trade facilitation body. The type of body, level of development of a country and geographical region may have a strong influence on the ratio of public to private stakeholders.
- The capacity and willingness to inform the general public and particular stakeholders depends on the type of national trade facilitation body, the level of development of a country and the geographical region. The level of development of a country bears a close relationship to the communications strategies of different trade facilitation bodies towards the general public: the less developed a country, the less it communicates with the general public.
- The source of financing varies depending on the type of body and the level of development of a country. In considering the source of financing in relation to the level of development, it may be noted that the share of trade facilitation bodies financed solely by the Government is inversely proportional to the level of development of a country.
- Most of the key success factors indicated were in relation to the members of the trade facilitation body and their behaviour towards the group. Elements that may be provided by donors, such as training and capacity-building, appropriate work plans and financial resources, are important, but not as significant as being able to count on the relevant members to support the trade facilitation body and work towards its goals. However, donor support and technical assistance may be determining factors for LDCs.
- The majority of obstacles cited related to the members of the national trade facilitation body and their behaviour towards the group. While financial resources were considered a crucial success factor by a minority of countries considered in this study, the lack of financial resources was highlighted as the greatest obstacle by nearly one-fourth of the respondents. The involvement of the private sector was considered the most important success factor but the lack of involvement of the private sector was not cited as an obstacle.
- National trade facilitation bodies are noted as an efficient instrument to establish and maintain a communications channel between the Government and the private sector and to maintain coordination among all public agencies. They are also recognized as knowledge-sharing and training platforms.

The study makes a number of recommendations for trade facilitation bodies (p. 14) regarding the scope of action, degree of institutionalization, terms of reference, coordinating agency, regularity of meetings, composition, communications, financing, outputs and lessons learned.

ANNEX: NATIONAL TRADE FACILITATION BODY QUESTIONNAIRE

The questions sent to national trade facilitation bodies were as follows:

Background

- What is the official name of the national trade facilitation coordination mechanism?
- What motivated the establishment of the trade facilitation body?
- What year was it established?
- Are there other national bodies dealing with WTO issues and/or with trade facilitation?
- Was the trade facilitation body based on a previously existing multi-agency group and/or committee (e.g. a trade and transport facilitation committee)?
- What is the current status of the trade facilitation body (operational, pilot phase or study phase)?

Institutional framework

- Has the working group been set up as an ad hoc group or a legal entity and/or organization?
- What specific documents were necessary to institutionalize the group and which body and at which level made the decisions?
- What is the scope and/or mandate of the working group?
- Does the working group have terms of reference?
- Which is the coordinating agency?
- What is the structure of the group (chairperson/co-chairperson, subgroups, etc.)?
- Is there a permanent technical secretariat?

Funding

- Is there a formal budget for the operations of the working group?
- If yes, what major items are covered by it?
- What are the sources of funding?

Objectives and focus

- What are the objectives of the working group?
- Does the working group have a working plan?
- How is progress in implementing the working group monitored?
- How often and in which form and to whom does the working group report?

Membership and/or composition

- What public or quasi-public agencies participate in the working group?
- What private associations or entities participate?
- What is the level of seniority of the participants?

Participation

- Does the working group meet regularly?
- What is the level of participation at each of the meetings?
- Are different meeting formats used (focus group, brainstorming, citizens' jury, etc.)?

Communications and promotion

- How are all stakeholders kept informed of the working group meetings and new documents, upcoming events, etc.?
- How does the group interface with other working groups and committees working on similar issues?
- Are special information sessions undertaken for the general public or particular stakeholders?

Benefits

- What is the impact of the work of the group?
- How does it benefit the country's responsiveness to the WTO negotiation process?
- Have there been concrete operational outcomes?

Lessons learned

- What are the crucial success factors?
- What are the greatest obstacles?
- What are the main lessons learned?

Future plans

- What are the plans for further development of the working group?

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