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TRADE AND TRANSPORT FACILITATION IN LATIN AMERICA

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The need for facilitation programmes in Latin America 1/

1. "The results of unequal progress in transport, communications and data processing systems on one hand and simplification of trade procedures on the other, are evident in congestion at airports, seaports and inland surface terminals /and especially at frontiers in Latin America/. The cost of complying with outmoded regulations and control procedures is enormous. Any advantage which might once have been apparent by instituting such control measures is lost in the multitude of inhibitions which they set. Moreover, the original objective of such procedures and controls in many cases is no longer valid or has been forgotten, whereas the procedures remain in force. The effect may well be that the resulting intricate web of unwieldy procedures discourages potential exporters from entering international trade at all. Costly as procedures and related paperwork might be to developed countries, to developing countries they constitute, in addition, a serious obstacle to the expansion of their trade.

2. "The participants in international trade, i.e. manufacturers, importers, exporters, carriers, banks, insurance companies, freight forwarders, brokers and public administration, each have joint and separate interests in the simplification of trade procedures.

3. "Action by one of these participants directly or indirectly affects the affairs of another. A change in procedures adopted by one party will undoubtedly affect another and consequently give rise to increased or decreased costs."

4. There is special urgency in Latin America for the simplification of trade and transport procedures, given that there are substantial indications that present procedures often are obstacles to vitally important export promotion programmes; interfere with new intraregional trade possibilities; negate the effects of the large investments which have been made in new transport infrastructure and port installations; complicate attempts to negotiate and implement subregional or bilateral

1/ Among the best introductory documents on trade facilitation is Economic Commission of the United Nations for Europe, National Trade Facilitation Organs, TRADE/WP.4/INF.33, October 1974, from which the first three paragraphs below are taken.

agreements regarding the participation of carriers and insurers in the trade between the countries of the region; lend undue advantages to the introduction of unnecessarily expensive technologies; and offer advantages to the expansion of operations of well-financed multinational corporations interested in services to international trade in competition with the incipient locally-owned operations.

5. These problems have been studied by national facilitation groups in the more industrialized countries, which have undertaken the design and negotiation of new simplification measures, coordinating their efforts and adopting uniform procedures through the Economic Commission of the United Nations for Europe, the Intergovernmental Maritime Consultative Organization, the International Chamber of Commerce, the United Nations Conference for Trade and Development, and other organizations. Unfortunately, the Latin American countries have not kept abreast of these developments nor have participated in the design and negotiation of the uniform practices which are adopted by the more industrialized countries. The efforts to innovate procedures in Latin America have often been dispersed, and frequently have not considered the value for the region of some international practices such as documentation format alignment (although IMCO, UNCTAD and the Department of Transportation of the United States have taken an interest in collaborating with efforts in the region on this). On the other hand, the very introduction of new procedures designed in other social and economic contexts has, in some cases, resulted in only a very slight modification or even exasperation of the problems in Latin America which are related to the prevailing trade and transport procedures in the region. In addition, these new procedures have not always led to greater coordination between cargo-handling and trade documentation flows, and at times have even aggravated existing problems. It is imperative that trade and transport facilitation efforts in Latin America take into account the special needs, problems and objectives regarding trade and regarding participation of national and regional institutions in services to this trade.

Facilitation activities of the Economic Commission for Latin America

6. Regional and subregional organizations in Latin America, including ECLA, LAFTA and the OAS, have responded to the need for facilitation programmes by individually focusing on a few of the major problems. LAFTA has been particularly active in the customs' and insurance fields, while the OAS has taken initiatives especially with regard to international passenger facilitation and to maritime and port facilitation of cargo. During the last two years, the Economic Commission for Latin America has worked towards a coordination among the organizations interested in these problems, in order to take advantage of the special competence of each

organization while seeking to assure that as a whole the region is constantly informed about initiatives in this field and is prepared to take its own initiatives. The Economic Commission for Latin America has promoted consultations and cooperation on this not only with LAFTA and the OAS, but also with CARICOM, JUNAC, SIECA, INTAL and ALAF.

7. At the same time, ECLA has developed a number of specific projects on trade and transport facilitation:

- (a) A joint project with the Institute for Latin American Integration (INTAL) of the Inter-American Development Bank designed to facilitate transcontinental intermodal transport in South America. In this project the infrastructure which can be utilized at present, including interior transshipment points, is studied. The required documentation, inspections, insurance and liability requirements, customs guarantees and other operations in the originating, transit and destination countries are examined in field studies and during experimental cargo traffic movements on new routes. Governments and transport groups are advised on measures which can be taken to facilitate this traffic. Information and encouragement is given to the pertinent organizations regarding the establishment of combined transport operators for this traffic ^{2/}. Presently there are plans to undertake a similar project with regard to the corridor between Santiago and Caracas.
- (b) Action to develop national and subregional trade facilitation groups, which are at present concentrating on the terms of a draft convention on international intermodal transport, including the design of an intermodal transport document more appropriate for Latin America than the one which is being applied

^{2/} Documents issued thus far include: Servicios de Transporte Terrestre Internacional en los Corredores Lima-Buenos Aires y Lima-Sao Paulo, Tomo I: La Infraestructura and Tomo II: Los Servicios y Aspectos Institucionales, E/CN.12/L.107 and E/CN.12/L.107/Add.1 respectively. A meeting of Government experts was held to study these reports at the end of last year (Buenos Aires, 2-6 December 1974). In addition, a draft multilateral railway traffic convention also covering intermodal and unitized cargo traffic was drawn up in collaboration with the Latin American Railway Association (ALAF).

in several international trades and which is governed by rules considered by the Latin American Governments to be unsuitable for the region 3/. The majority of Latin American countries have sponsored national seminars, with technical assistance from ECLA, together with subregional organizations in some cases, which have not only considered the international intermodal transport question, but which have studied broader facilitation objectives, problems and measures. Altogether, more than 700 Latin Americans from all of the relevant sectors (export promotion, foreign trade, banking, insurance, transport, ports, Customs, customhouse brokers, etc.) have attended seminars of this type 4/.

3/ The "Uniform Rules for a Combined Transport Document" prepared by the International Chamber of Commerce are based on the draft "Convention on the International Combined Transport of Goods" (the TCM Convention), which was studied by the Latin American Governments at three subregional meetings in June 1972. The Governments requested the elimination of the draft convention from the agenda of the UN/IMCO Conference on International Container Traffic. The subject was discussed at this Conference, however, and it was decided that UNCTAD, in collaboration with the UN regional economic commissions, should restudy the matter. Meanwhile, at the urging of European banks, insurers and transporters, the ICC issued its Uniform Rules.

4/ This work has been carried out along the lines set out by the Latin American Sub-Group of the Intergovernmental Preparatory Group for a Convention on International Intermodal Transport (Geneva, 29 October - 2 November 1973) and outlined in ECLA document E/CN.12/L.103: Transporte Intermodal Internacional: los problemas inmediatos de América Latina y un programa de acción institucional. Additional documents include: Institutional Aspects of International Intermodal Transport, E/CEPAL/L.111; Liability and Insurance in International Intermodal Transport, E/CEPAL/L.112; Documentation Forms Relevant to International Intermodal Transport, E/CEPAL/L. 114. On this subject, subregional meetings were held by subregional organizations in Central America and the Andean Group, a meeting of Latin American Governments was held in Mar del Plata (21-30 October 1974), and a meeting of Latin American transport insurance experts met in Mexico City (26-31 January 1975).

- (c) A study of the economic and institutional implications of the various major technological options (containers, roll-on/roll-off, lighters-aboard-ship and break bulk) for the transport of general cargo on selected trades between Latin America and other regions 5/. Also, missions have been carried out on port facilitation in the Andean countries and Caribbean.
- (d) Studies of documentation requirements on selected trades, with an analysis of the impact of the introduction of an intermodal transport document. At the request of the Bolivian and Chilean Governments a study was carried out on procedures and documentation requirements to facilitate transit of Bolivian goods through Chile. Complete documentation is being compiled for certain transcontinental and intercontinental movements 6/.

Towards a coordinated Latin American facilitation effort

8. Among the most important activities which require continuing regional action are the following:

- (a) Simplification and uniformity of documentation requirements, taking into account the experiences of and acting in coordination with the national and international organizations, both in Latin America and elsewhere, concerned with this matter.
- (b) Adoption of uniform codes in order to identify merchandise, transporters, ports, etc., in order to facilitate information interchange.
- (c) Promotion of the establishment of international transport services in the Latin American transport corridors, identifying institutional and physical restrictions on such services.

5/ Economic and Institutional Implications of the New Transport Technologies in Latin America, E/CEPAL/L.113. A complementary study is Intermodal Transport in the Caribbean Region - 1973, ECLA/POS/74/5.

6/ ECLA, Estudio de facilitación del tránsito de mercadería con destino a Bolivia a través del puerto de Arica, E/CEPAL/L.116. Other studies have been issued in draft form.

- (d) Study of the "transport chains" of selected export products in order to identify the restrictions which impede the optimal functioning of the distribution facilities between producer and consumer.
- (e) Creation of interior distribution and cargo interchange centers with customs' inspection facilities.
- (f) Application of coordinated measures to improve port operations so as to reduce the serious congestion and delays to the cargo which are found in many Latin American ports.
- (g) Simplification of reception formalities affecting ships arriving at ports and wider utilization of ships' documents prescribed by LAFTA.
- (h) Substitution of consular intervention and documents by less costly procedures.
- (i) Promotion of the regional offer of complete packages of transport and supplementary services for exporters and importers, coupled with norms for the subcontracting of services in the region by trading companies and combined transport operators.
- (j) Organization and coordination of national trade and transport facilitation groups to deal continuously with the immediate problems which affect the flow of imports and exports.
- (k) Distribution of information regarding initiatives in favor of new norms for trade facilitation and trade documentation at the international level, with the aim of ensuring representation of Latin American interests in the discussions and work on these matters in such organizations as UNCTAD, ECE and IMCO.
- (l) Tests for trying out new facilitation and documentation techniques, and to draw up regional, subregional and bilateral agreements for the adoption and implementation of these techniques.

9. Recognizing the importance of a coordinated Latin American facilitation effort, the meeting of Latin American Governments on international intermodal transport in Mar del Plata, Argentina, 21-30 October 1974, adopted the following resolution:

"CONSIDERING:

That Transport Facilitation programmes aim to secure the greatest efficiency in transportation, together with co-ordination between movement and handling of cargo on the one hand and procedures for customs, financial, and transportation documentation, on the other; and

That it is believed convenient and necessary that all countries of the region, as far as possible, should have national facilitation groups, and that the actions of international organizations in this field be co-ordinated to obtain their optimization and to avoid duplication of efforts;

The countries represented at the First Latin American Regional Meeting on the International Intermodal Transport Convention

AGREE:

(1) To suggest to the countries of the region that have not yet done so that they should consider the organization of transport facilitation groups and disseminate through regional organizations any information and initiatives in this field that may affect the region; and

(2) To recommend to ECLA that it maintain its consultations with intergovernmental organizations, principally those of the region, in the field of facilitation, with a view to achieving the greatest co-ordination of their actions and avoiding duplication of efforts."

