



**UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL**



Distr.  
GENERAL

E/CEPAL/G.1192  
14 January 1982

ORIGINAL: ENGLISH

---

CEPAL

Economic Commission for Latin America



**FINAL REPORT OF THE MEETING OF EXPERTS ON FACILITATION PROBLEMS AND  
THE STRENGTHENING OF TRANSPORT INSTITUTIONS**

(Paramaribo, Suriname, 27 to 30 October 1981)

# CONTENTS

	<u>Paragraph</u>	<u>Page</u>
I. ORGANIZATION OF WORK .....	1-8	1
II. SUMMARY OF DEBATES .....	9-63	3
A. General considerations .....	9-29	3
B. Identification of problems related to the strengthening of transport institutions and trade facilitation .....	30-52	6
1. The strengthening of transport institutions .....	30-49	6
2. Trade facilitation .....	50-52	9
C. Strategy and methodology for co-operation among Caribbean countries in order to strengthen transport institutions and facilitate trade flows .....	53-63	10
1. Intra-Caribbean transport system .....	53-54	10
2. The simplification, harmonization and reduction of commercial documents, procedures and practices .....	55-58	11
3. Transport planning on a national as well as subregional basis .....	59-60	12
4. The utilization of new transport technologies ...	61-63	12
III. RECOMMENDATIONS FOR A PROGRAMME OF CO-OPERATION AMONG CARIBBEAN COUNTRIES TO STRENGTHEN TRANSPORT INSTITUTIONS AND FACILITATE TRADE FLOWS SO AS TO CONTRIBUTE TO THE SOLUTION OF IDENTIFIED PRIORITY PROBLEMS .....	64-83	13
A. Specific actions .....	64-79	13
1. Evaluation of possible technologies for intra- Caribbean transport systems .....	64-66	13
2. Establishment and strengthening of national facilitation organizations and the elaboration of work programmes for the simplification, harmonization and reduction of commercial documents, procedures and practices .....	67-79	13
B. Guidelines for the establishment of more permanent action programmes in trade facilitation and transport institution strengthening .....	80-83	16
Annex 1 List of participants .....		17
Annex 2 List of working documents .....		19

## I. ORGANIZATION OF WORK

### Place and date of meeting

1. The Meeting of Experts on Facilitation Problems and the Strengthening of Transport Institutions of the member countries of the Caribbean Development and Co-operation Committee (CDCC) was held at the Torarica Hotel, Paramaribo, Suriname from 27 to 30 October 1981. The meeting was organized in response to CEPAL resolutions 390 (XVIII) and 399 (XVIII).

Resolution 390 (XVIII), requests the Executive Secretary to:

"Convene in the principal geographical areas of the region, in consultation with governments, subregional meetings of experts in facilitation matters from both national and regional organizations to identify the main facilitation problems encountered in each area, set priorities and suggest measures that may assist countries in overcoming these problems, and help the Secretariat to establish a more permanent and stable facilitation action programme".

Resolution 399 (XVIII), "Activities of the Caribbean Development and Co-operation Committee", endorsed the programme of activities approved at the third and fourth sessions of CDCC. These activities include the convening of a meeting of CDCC ministers responsible for transport and communications.

### Attendance

2. Experts from all the member countries of the CDCC were invited to participate in the meeting and observers representing several national, regional and international organizations, from both the public and private sectors also attended. The complete list of participants appears in annex 1.

### Election of Officers

3. At the opening meeting the following Officers were elected:

Chairman: Mr. Rudi Tapessur  
Vice-Chairman: Ms. Rosa María Betancourt  
Rapporteur: Mr. Lloyd Fraser

### Agenda

4. 1. Election of Officers  
2. Adoption of the Agenda  
3. Presentation by the Technical Secretariat  
4. Formulation of a Facilitation Programme in accordance with the following points established in CEPAL resolution 390 (XVIII):  
(a) identification of facilitation problems and measures to overcome them;  
(b) determination of priorities for a Facilitation Action Plan;  
(c) requirements for a more permanent facilitation action programme.  
5. Formulation of a Transport Institution Strengthening Programme in accordance with CEPAL resolutions 390 (XVIII) and 399 (XVIII):  
(a) identification of the regional objectives for the development of civil aviation;

/(b) co-ordination

(b) co-ordination of regional air transport services and of alternative methods of achieving this in such areas as improved freight services, facilitation, and commercial and technical co-operation; and

(c) consideration of the desirability of holding regular meetings of CDCC Directors of Civil Aviation.

6. Report of the Transportation Programme of the CEPAL Office for the Caribbean.

7. Consideration of the creation of a standing or ad hoc Committee of CDCC Ministers responsible for Transport and Communications.

8. Other business.

9. Adoption of the report.

#### Documentation

5. During the discussions, the experts on facilitation had before them the documents listed in annex 2 of this report.

#### Opening and closing meetings

6. At the opening ceremony, held at 9:00 a.m., on 27 October 1981, Mr. Rudi Tapessur welcomed the experts on behalf of the Government and people of Suriname and a vote of thanks was given on behalf of the participants by Mr. Kingsley Clarke. Mr. Peter Wickenden spoke on behalf of the Economic Commission for Latin America and described the purpose of the meeting.

7. The meeting was officially opened by Dr. Fong Poen, Minister of Economic Affairs, who stated that it was evidence that the increased efforts by the Republic of Suriname towards being a more active member of the region had met with a ready response. He stressed that the subject matter of the meeting was extremely important not only for Suriname but for all the member countries of CDCC, as international trade is a dominant factor in economic growth.

8. At the last working meeting, held at 3:00 p.m., on 30 October 1981, the present report was adopted. At the closing session, the Technical Secretary of the meeting thanked the participants for the quality of the work they had done and the consensus obtained in the establishment of the work programme to be presented to the CDCC member governments at their sixth session, to be held at St. George's, Grenada, from 4 to 11 November 1981.

## II. SUMMARY OF DEBATES

### A. GENERAL CONSIDERATIONS

9. Historically, the foreign trade of Caribbean countries began with the exportation of agricultural products and raw materials to metropolitan centres. As each country had colonial trade commitments with and relied upon the deep-sea transport services of such centres, there was less need for and consequently less development of Caribbean transport services. Nonetheless, small amounts of trade were carried between Caribbean countries in sailing schooners. With the outbreak of the Second World War these countries found themselves not only cut off from traditional markets and the means of transport to such markets but also largely without the means to transport their products to available neighbouring country markets. In response to the need for greater intra-Caribbean services, action was taken by colonial governments to organize the schooner owner-operators into the wartime Schooner Owners' Association. Under this Association transport services were rationalized, additional vessels were placed in service, and the volume of trade grew rapidly. Although after the Second World War the pre-war situation reestablished itself, such trade has shown renewed growth in recent years due to the formation of such regional organizations as CARICOM and ECCM. This growth has placed considerable strain on existing intra-Caribbean transport systems.
10. The trade structure of the Caribbean may be characterized in general terms by dependence on a limited range of agricultural and mineral primary exports and by the need to import most capital and consumer goods. While each of these groups of products -agricultural, mineral and manufactured- may be transported by specialized vessels, the limited volumes involved and the seasonal changes in the tonnages of such cargoes discourage capital investments in specialized vessels and related port facilities. Further, as each of these groups of products is normally presented in different shipping units -conventional, palletized, refrigerated, containerized, bulk (dry and liquid), bales, live animals and indivisible odd sized units- intra-Caribbean transport systems must be sufficiently flexible to transport all of them.
11. The CDCC countries, with the exception of Belize, Guyana and Suriname, are all island communities in the Greater and Lesser Antilles. The Dominican Republic and Haiti share the island of Hispaniola. In all these cases there has traditionally been little or no traffic with neighbouring States by road. The region was colonized by four powers -France, Great Britain, the Netherlands and Spain- and the current political status of the countries ranges from full independence to colonial status. While Great Britain is to grant independence to the remaining Associated States during 1981, a number of colonies remain. The region's heritage still clearly influences all transport patterns and especially that of aviation. The former British and Dutch territories maintain strong links among themselves and with London and Amsterdam, but have much weaker links with Caribbean territories having a different heritage. While the French territories have the status of Departments of France, they reflect this same pattern.
12. The Bahamas, Belize, the Dominican Republic, Haiti and Jamaica all have much stronger transport links with North America than with the rest of the region, reflecting economic ties, while Cuba, with the exception of infrequent services to Barbados, Grenada, Guyana, Jamaica and Trinidad, has no links with the region at all. The Caribbean trade situation is further diversified by the important role Puerto Rico plays as an interchange point which for all practical purposes is integrated with the continental United States.

13. With the exception of some cabotage traffic in Haiti, services between St. Kitts and Nevis, Trinidad and Tobago and some services in the Bahamas, all passenger traffic is carried by air.
14. While most cargo is moved by sea, air freight is increasing in importance, especially in the case of Trinidad and Tobago. Nonetheless, the percentage of freight traffic carried by air remains small.
15. Most Caribbean countries began with administrative traditions derived from metropolitan centres, so that former British, Dutch and French trade requirements were utilized in their respective colonies. Since the early 1960s, when many Caribbean countries became independent, there has been divergence from these practices, so that, for example, the trade documentation of Trinidad and Tobago is no longer compatible with that of Guyana even though both were former British colonies. Therefore, a complete re-evaluation and standardization of the trade documentation systems in use is now necessary if commercial practices are to be simplified and documentation costs reduced.
16. Trade facilitation problems may be caused either by excessive requirements arising from unnecessary or outdated legal or commercial practices, or by the lack of harmonization between various national, regional and international legal and commercial practices. To eliminate such problems, facilitation programmes focus upon the detailed study and critical review of trade procedures, formalities and documents. For example, a review of the information contained in trade documents will reveal whether each item of information is required, and for whom it is required. Such a review normally includes the preparation of flow charts which illustrate the flows of information between the various parties involved; these charts make it possible to detect bottlenecks in the procedures and to identify possibilities for rationalization of the data flow. National facilitation committees, which should include representatives of all parties concerned with international trade operations, will then be able to formulate proposals for the elimination of unnecessary information and the inclusion of the remaining data in a minimum of documents which could be harmonized with international standards such as the United Nations Layout Key. Finally, national facilitation committees should provide continuous technical assistance to assure that the facilitation proposals are correctly implemented.
17. As the international movement of goods, transport equipment and persons is simply the aggregation of separate national transport operations, controlled by each country's legal and institutional régimes, the focus of trade facilitation and transport institution strengthening activities must be at the national level. However, as the benefits of these activities are fully realized only when carried out simultaneously among trading partners, the great majority of national trade facilitation and transport institution strengthening problems have to be approached and solved in concert with regional and even broader interests.
18. Although trade facilitation and transport institution strengthening measures might appear permanent, such is not the case. A facilitation measure that simplifies an international trade procedure, formality or requirement in a given context or time period may later cease to provide benefits or even become a burden on the commerce it sought to facilitate. For example, measures instituted to facilitate the movement of break-bulk cargoes may be unsuited for a change to containerized cargoes and thus become a burden on such commerce. Therefore, if trade facilitation and transport institution strengthening are to provide any lasting benefit they must be understood as continuing regional and even wider international programmes of study and revision.

19. During the first session of the CDCC, held in 1975, problems concerning air transport were highlighted and it was suggested that improvements to the air transport system should be studied. Subsequently, a group of experts in civil aviation was appointed to study the system and to prepare recommendations to foster the development of intra-regional air transport.
20. The recommendations of this group of experts were adopted by the fourth session of the CDCC and as a result were further considered at the present meeting.
21. An efficient and economically viable air transport system is an essential element for economic growth. It assists the conduct of public and private business, both domestic and international, in a world characterized by increasing interdependence, and constitutes a key factor for the growth of tourism and foreign trade in manufactured goods and perishables. It is of particular importance to developing island and land-locked countries, whose economies are hampered by lack of access to the sea or overland transport, and to developing areas in general because of their often inadequate means of surface transport and their remoteness from major market areas. In certain countries, civil aviation may make possible the production of goods for export or re-export and may have a role to play in developing new technical and managerial expertise.
22. With reference to transport costs it should be noted that the average operating cost per ton-kilometre available for scheduled airlines based in Latin America and the Caribbean in 1976 was 27 cents (up from 20.5 cents in 1972), compared to world figures of 26 cents in 1976 and 17.6 cents in 1972. Thus, between 1972 and 1976 the unit operating costs of reporting carriers rose at a slower average annual rate (7.1%) than the world average (10.22%). This increase in operating costs reflects the general level of inflation, both in the region and elsewhere, currency adjustments and, since 1973, the significant increases in the price of fuel.
23. Up to 1972 there had been a long period of relative stability in the level of fares and rates, but thereafter the yields (average fares and rates per unit of traffic) of carriers serving the region began to increase. Average economy and economy excursion fares as well as general cargo rates in 1976 tended to be lower than the world average on routes involving the region (other than the South Atlantic) but have risen to levels similar to the world average since that time.
24. With reference to airport development and financing it should be noted that airport traffic has grown less rapidly since 1970 -sometimes less rapidly than the forecasts on which airport construction and enlargements were based. The volume of traffic handled affects airport revenues more than their expenses (which contain a high proportion of fixed costs), so that slower traffic growth has reduced airport revenues below those forecast. At the same time inflation has increased the costs of operation as well as those for new construction. Increased capacity of aircraft, combined with slower traffic growth, has tended to ease the problems of congestion of terminals and runways. However, traffic is still growing and requirements either exist or are foreseen for new as well as expansion of existing airports and for improved passenger and cargo handling systems.
25. It has also become apparent that regional airports have not been maintained to the required standards. Following a comprehensive review of airports in the region, recommendations have been categorized according to four degrees of priority:
- (a) Essential for safe operation;
  - (b) Desirable for speedier and more efficient handling of aircraft;
  - (c) Desirable for speedier and more efficient processing of passengers;
  - (d) Considered necessary by airport authorities or users to accommodate known and planned short-term (5 years) future requirements; only to be considered after feasibility and cost/benefit studies.

26. The total cost of implementing these recommendations would amount to US\$ 89.6 million, which comprises US\$ 66.6 million for engineering, US\$ 16.5 million for fire and rescue and US\$ 6.5 million for navigation aids and communications.

27. In the first group, i.e., measures essential for safe operation and thus required to be made effective immediately, the total requirement is for US\$ 40.5 million, comprising US\$ 19.6 million for engineering, US\$ 16.5 million for fire and rescue and US\$ 4.4 million for navigation aids and communications.

28. As a result of the constant growth of airport traffic <sup>1/</sup> it has become necessary to improve airport access. This situation has been further complicated by the expansion of urban areas towards airports, thereby contributing to the growing congestion of existing facilities and at the same time exacerbating the environmental conditions with respect to noise and atmospheric pollution.

29. In the area of facilitation of international air passenger and freight movements, documentary requirements and clearance procedures cause undue delays in the processing of international air passengers and freight through controls and constitute continuing problems which hamper the development of international air transport.

#### B. IDENTIFICATION OF PROBLEMS RELATED TO THE STRENGTHENING OF TRANSPORT INSTITUTIONS AND TRADE FACILITATION

##### 1. The strengthening of transport institutions

30. The trend towards the use of larger and more capital-intensive ships in deep-sea transport restricts the possibility of such ships calling at ports for limited amounts of cargo. As these modern capital-intensive ships are in useful production only when moving goods towards their destination, all time spent in port due to, for example, congestion, weather delays, waiting for cargo and the solution of shore labour problems is non-productive and must be reduced to a minimum. The tendency today is for such ships to call at fewer ports at each end of the voyage. Increasing importance must therefore be placed on feeder transport services -whether by barge, small vessel or truck- not only to supply these ships with cargo but also to deliver cargo to consignees.

31. As some Caribbean countries are unable to offer sufficient cargo to induce liner operators to make more than occasional calls at their ports, this may, in the absence of government initiatives, lead to a downward spiral of economic activity. Even within the arrangements for CARICOM trade, the lack of an efficient and regular transport service acts as a disincentive to such countries to expand their production of crops for export. Their earnings from exports remain low and in some cases decline and their ability to import is adversely affected. As fewer inward and outward cargoes are offered, fewer calls tend to be made, thereby reinforcing the disincentive. The amount of cargo which Caribbean countries have to offer is thus both a cause and effect of the lack of intra-Caribbean transport services, and the provision of low-cost, efficient and regular shipping services must hence be viewed as a means by which such economies may be stimulated and so lead to more substantial cargoes being offered in due course. Consequently, intra-Caribbean transport services are a most important development tool for assisting the growth of Caribbean economies.

---

<sup>1/</sup> Jamaica experienced a decline in passenger traffic in 1980 due to the world economic situation, and other Caribbean States may have had a similar trend.



32. While there have been large expenditures by many Caribbean countries for the construction of modern port facilities, certain ports nonetheless face severe congestion problems. As a result of inadequate storage facilities and security measures, cargo pilferage in certain Caribbean ports has increased.

33. The relation between shipowners and port authorities can take two forms. First, if the port authority acts merely as a landlord, the port operators, who are usually shipowners, must assume responsibility for any cargo losses or damage. Second, if the port authority actually operates the facility its responsibility for cargo losses and damage is regulated by national laws or regulations. Nonetheless, certain Caribbean ports, where the facility is operated by the port authority, have been able to deny such responsibility. In response to this problem it would appear that a multi-national agreement establishing common liability regulations between shipowners and port authorities or operators is needed. An agreement of this nature would also assist in reducing problems with cargo insurance claims, by clarifying responsibilities.

34. In an effort to reduce both port congestion and cargo pilfering problems, it was suggested that sailing frequencies for those vessels engaged in intra-regional trades might be rationalized and at the same time berth priorities might be established for Caribbean flag vessels. Similarly, without a uniform agreement for the regulation of carriers' civil liability in international transport, the amount which cargo owners might recover from carriers for cargo damage would depend upon the applicable national régime of the country where the damage occurred. In this situation cargo owners and carriers generally purchase insurance coverage based on the maximum risk and liability to be encountered, thereby increasing the cost of transport services and, hence, the price of goods delivered. Furthermore, if there is some doubt as to the jurisdiction in which cargo damage occurred, the insurers of cargo owners and carriers will seek to establish that it occurred in those jurisdictions which provide the most generous recovery and least liability, respectively, thereby creating an incentive to litigate.

35. During their discussions the Experts referred to a series of additional problems impeding the rational growth of shipping services within the Caribbean. These problems include the following:

(a) Restrictions on the supply of maritime transport services such as cargo reservations, berth priorities which favour extra-regional carriers, port congestion, transshipment;

(b) The lack of agreements between Caribbean shipowners which facilitate the interchange of containers, establishment of container depots, promotional freight rates for the carriage of empty containers and establishment of a subregional container leasing company.

36. While the Association of West Indies Trans-Atlantic Steamship Lines (WITASS) divides Caribbean trade routes to Europe into groups of countries, the European companies' trade routes are not so divided. As a result, European carriers are allowed to load cargoes from a wide range of ports for Caribbean destinations, whereas Caribbean carriers may load cargoes only in severely limited ranges of ports for European destinations. This division of the Caribbean into a number of separate trade routes restricts the growth opportunities for subregional carriers.

37. The Caribbean is served by a number of extra-regional maritime carriers, but due to their increasing freight rates, various subregional interests have considered the establishment of multinational companies with service to areas such as North America and Europe. On the other hand, certain shipowners in the subregion operate their vessels in violation of classification society regulations and IMCO conventions in order to reduce costs and thereby offer extremely low freight rates.

38. General standards of safety for intra-Caribbean maritime transport are largely unsatisfactory. Officers and ratings are not always qualified, and certain owners appear to have little regard for maritime safety. For example, ships of the schooner fleet are often seriously overloaded and some have been known to sail with decks awash. The majority of these ships and their equipment are neither maintained in a serviceable condition nor regularly inspected. This results in a high loss rate of vessels and crew as well as cargo.

39. Jamaica has established a maritime training institute. In addition, the CARICOM secretariat has given the highest priority to the establishment of maritime training facilities in the Eastern Caribbean, particularly for the intra-Caribbean trade.

40. Furthermore, there is also a need for advice on the technical and management aspects of port operations which might be satisfied by training programmes whereby officials could acquire those skills they have been unable to assimilate through experience. Since administratively most Caribbean port authorities are a direct government responsibility, the technical assistance and training might be usefully extended beyond port management to Boards of Directors and other appropriate government officials.

41. In view of the restrictive nature of air transport agreements between CDCC countries, the need for a more liberal approach with reference to capacity problems was highlighted. While air freight services were recently initiated with the establishment of a company jointly owned by Barbados and Trinidad, the need for continued improvement of such services still exists. Individual aviation administrations tend to act in isolation on such matters as equipment purchases, thereby creating equipment compatibility problems and the unnecessary multiplication of required spare parts. This incompatibility of equipment substantially lessens the possibility of effecting operational economies by pooling of spare parts. It was hoped, for example, with regard to the provision of fire and rescue equipment, that the region would gradually standardize equipment types. A similar problem exists in the field of aeronautical communications, as the region was formerly served by a system operated from the United Kingdom, but since individual countries have now established national networks, there appears to be no opportunity to standardize network equipment and hence lower the costs of operations.

42. It was considered that the Directors of Civil Aviation should meet regularly to discuss common problems and that there was also a need to involve airline companies in transport planning decisions. It was noted that while organizations such as the Caribbean Shipping Association were active in the maritime sector there appeared to be no equivalent in the aviation sector.

43. The need for adequate feeder services from major Caribbean gateways to other subregional destinations was stressed and as a result it was highlighted that there should be closer consultations between CDCC countries on this as well as other civil aviation matters.

44. The need was shown for an adequate data base so that meaningful statistics might be produced both for transport planning purposes and for assuring that liner conference freight rate increases were justified. Furthermore, it was highlighted that potential users of these statistics should be educated as to their importance and utility so that, for example, the Ship Visit Report System of the CARICOM secretariat might be more fully complied with.

45. Governments should consider appropriate measures to improve urban transport in the region. Increasing energy costs and congestion have created the need to seek more efficient ways of moving people into and out of urban areas. It was indicated

/that a

that a Group of Transport Planners is to be created by the CDCC in order to evaluate the various options available in this and other areas.

46. There appears to be a widespread problem concerning the condition of road surfaces that is especially acute in the mountainous islands of the Eastern Caribbean. While the solution to the break-up of road surfaces seems at first sight to involve costly resurfacing the actual solution is even more complicated. The surface fractures are usually caused by inadequate drainage resulting in the break-up of the sub-base, so that unless adequate funding is obtained for regular maintenance, expenditures for such re-surfacing provide only a temporary improvement. Road surface damage also occurs due to the use of vehicles heavier than those for which the roads were designed. It was therefore suggested that the solution would appear to be not only to establish well-organized and trained repair units but also to prepare and enforce rules to control the weights and dimensions of vehicles.

47. Generally, aid funds have been made available to the region, so there has not been any undue difficulty in obtaining financing for transport projects. Historically, the sources for such funds have been the former colonial powers, together with the United States and Canada. More recently, funding has also been available from the European Economic Community and from non-traditional donors through the Caribbean Group for Co-operation in Economic Development.

48. Due to the extra-regional nature of Caribbean trade these funds have been utilized on a country-by-country basis, and as a result intra-regional transport has not benefited from integrated national planning. Perhaps this is a result of Caribbean political diversity and any resultant diseconomies are part of such diversity. Most countries appear not to employ national transport planning, and investment decisions are generally made on an ad hoc basis.

49. This problem was recognized by the Governments of Canada, Great Britain and the United States, which initiated the Tripartite Study of 1966 to determine how aid funds might best be utilized. One result of that study was the establishment of the Caribbean Development Bank (CDB), through which aid was intended to be channelled. In practice, the three donors divided the aid programme between them and continued on an ad hoc bilateral basis as before, in addition to contributing to the CDB. This happened largely at the insistence of the individual Caribbean governments themselves.

## 2. Trade facilitation

50. Many of the ocean transport commercial practices that were established during the colonial period to link Caribbean shippers, bankers, port authorities and customs with transport operators, port authorities, insurance companies, customs authorities, consignees and others in England, France, the Netherlands and the United States are still prevalent. As advancing technology has produced high-speed ships with superior cargo handling features such as containerization, barges and roll-on/roll-off facilities, however, these antiquated ocean transport commercial practices now threaten the success of the trade they were originally intended to assist.

51. During the last 10-15 years transport technology has developed in revolutionary ways, leading to a situation whereby goods may arrive before documents, causing delays in clearance, congestion in ports and airports, and added costs. Now that the use of containers and larger vessels has begun to affect Caribbean ports, a similar situation will occur there too unless corresponding efforts are made to streamline the documentation requirements and customs procedures. The late arrival of documents or

/needed information

needed information at the destination delays release of the goods and may give rise to costs such as fines, demurrage and loss of business which can be far more significant than the direct cost of document preparation. As both direct and indirect documentation costs are incorporated into selling prices, either importers pay higher prices for purchases or exporters make smaller profits by absorbing some of the costs. Thus, the costs of trade documentation can seriously endanger a Caribbean exporter's ability to compete in world markets, and can make imported goods more expensive than necessary. For example, most governmental and institutional procedures, formalities and requirements in regional and international trade necessitate the preparation of documents, so that, as noted in Trade Documentation Information (TRADE/WP.4/INF/29), "the cost of drawing up documents amounts to 10% of the trade transaction, increasing the price of products and the cost of distribution".

52. The diversity of commercial procedures and the proliferation of related documents create a pressing need for current information in the form of manuals or guidelines to assist importers and exporters to comply with trade requirements, thereby avoiding interruptions and delays to their international commercial flows.

C. STRATEGY AND METHODOLOGY FOR CO-OPERATION AMONG CARIBBEAN COUNTRIES IN ORDER TO STRENGTHEN TRANSPORT INSTITUTIONS AND FACILITATE TRADE FLOWS

1. Intra-Caribbean transport system

53. As the Caribbean countries are largely dependent upon extra-regional maritime transport and have very little control over either the speed of technological change in maritime transport or the type of ships which extra-regional operators place in service, there is a risk that an intra-Caribbean transport system may emerge which is based on the needs of their extra-regional trading partners rather than on the unique needs of the Caribbean transport environment. To avoid this risk it is necessary to investigate carefully which transport system can carry all intra-Caribbean and through-shipment cargoes offered, operate in all Caribbean ports, harmoniously interface with all other transport systems and involve the least capital expenditure. By selecting a transport system based on criteria such as these, the Caribbean countries will be less dependent upon extra-regional maritime transport decisions and, therefore, less likely to be harmed by changes in transport technology.

54. At a time when Caribbean countries not only have a shortage of investment capital and transport expertise but also are faced with rapid changes in transport technology which reduce the number of ports of call by deep-sea transport services, there is no alternative but to enlarge intra-Caribbean transport services. The Caribbean must have the opportunity to select transport systems in this time of change to larger ships calling at fewer ports, rather than being merely a passive victim of the consequences of such change. It would therefore seem advisable that Caribbean countries should develop transport solutions for their unique transport environment while ensuring a harmonious interface between Caribbean and extra-regional transport modes.

2. The simplification, harmonization and reduction of commercial documents, procedures and practices

55. As the Caribbean does not yet have a uniform institutional infrastructure for intra-subregional trade, such trade is governed by bilateral agreements, by each country's commercial code, and by agreements among sellers, buyers, freight forwarders, banks, carriers and other commercial interests. In all respects not specifically prohibited by their respective countries' legislation, the aforementioned parties are free to conduct business in any manner they choose, and in these circumstances they can and generally do develop a multiplicity of procedures, formalities and requirements that, while serving their own particular needs, place economic and financial burdens on trade flows.

56. A facilitation programme in the Caribbean should have a twofold aspect, national and subregional, and should encompass the simplification of formalities, procedures and documents within each individual country and their harmonization between the CDCC countries, as well as with generally accepted international standards. One pre-requisite for the implementation of the programme should be the constitution of national facilitation bodies bringing together representatives from the public and private sectors in order to create an environment in which facilitation work might be effectively carried out.

57. As trade facilitation and transport institution strengthening involve many aspects of regional and international trade, they are vast multidisciplinary fields requiring the continuing support of many entities -both governmental and private- located in different countries. Furthermore, they are co-operative endeavours, aimed at helping solutions evolve through contact, study and discussions at the national, regional and international levels. As trade facilitation and transport institution strengthening measures cannot be imposed by one sector on another, and even less by one country or region on another, a continuing dialogue both among the sectors within each country and at the international level is the only methodological tool which has proven successful. Thus, Caribbean governments might wish to consider establishing facilitation committees composed of persons from sectors such as national customs administrations, central banks, insurance, etc., who could perform their tasks on a part-time basis. This type of inter-agency trade facilitation committee would minimize funding requirements while at the same time permitting its members to acquire expertise, develop needed measures, evaluate the applicability of extra-regional initiatives and co-ordinate the committee's work programme both regionally and internationally. Additionally, the facilitation work programme based on the use of a part-time professional staff might easily be expanded to a full-time basis when sufficient expertise has been acquired and funding becomes available.

58. Another important source of substantive inputs for a Caribbean work programme is horizontal co-operation within the Caribbean. As Caribbean national facilitation organizations face similar problems, they can provide each other with valuable technical advice. For example, measures developed by a national facilitation organization of one Caribbean country to expedite the flow of goods through customs may be equally applicable, and therefore transferable, to other similarly situated countries. This technical co-operation among Caribbean countries would not only provide substantive inputs for facilitation work programmes but also ensure co-ordination and harmonization among such programmes.

### 3. Transport planning on a national as well as subregional basis

59. Since exports, imports and economic growth are clearly interrelated, transport has a strategic role in the development processes of all countries. As a result, for many years governments of this region have individually taken measures to improve transport services and to provide means by which appropriate sectors in their countries might own and operate modern transport equipment. While these measures have largely benefited national transport interests, when viewed from a regional standpoint they have generally been dispersed and undertaken without collaboration between trading partners.

60. While transport planning has its own nomenclature and economic concepts and often makes use of indicators, computers and mathematical models it is nonetheless a process that relies heavily on the judgement of persons in Caribbean ministries of transport as well as their chosen specialists. Although each Caribbean country should formulate its own transport plan indicating priority areas that will provide optimum benefit for achievement of national economic goals, where these national plans overlap or impinge on a wider area a regional transport plan would appear appropriate.

### 4. The utilization of new transport technologies

61. During the latter part of the 1950s two North American steamship companies began transporting a cargo grouping unit which was later to become known as a "container". As the container facilitates door-to-door instead of port-to-port transport, its use found rapid acceptance among shippers and carriers from developed regions, and by 1970 one could speak of "containerization" as not only an established state of transport art but also the predominant transport unit used on liner trade routes.

62. While the container might appear to be merely another transport or packing unit, such is not the case. Other transport units such as pallets and preslinging, even though extensively used, have not had such a profound effect on the entire transport chain as the container. For example, the extensive use of containers has resulted in a modification of docks and attendant cargo storage areas, shoreside cargo cranes, cargo handling equipment, ships, trucks, trains transport documentation and customs procedures in order to facilitate their rapid and uninterrupted movement. Furthermore, once it is recognized that the container is not a transport unit but a transport system, it begins to take on a status equal to that of the transport modes themselves.

63. As containers continue to be modified to enhance their strength and handling features, they are the subject of ever-increasing levels of technological sophistication. It should be understood that as a transport technology becomes increasingly sophisticated, it will be found more and more expensive, its life span will be shorter, and operational, construction and repair skills will take longer to learn. As most Caribbean countries lack sufficient financial resources to invest in the necessary facilities and equipment, and do not have enough qualified personnel to perform, for example, repair and maintenance tasks, these ever-increasing levels of technology have created the very real risk that the construction, ownership, transport and repair of containers will continue to be controlled from outside the region.

III. RECOMMENDATIONS FOR A PROGRAMME OF CO-OPERATION AMONG CARIBBEAN COUNTRIES TO STRENGTHEN TRANSPORT INSTITUTIONS AND FACILITATE TRADE FLOWS SO AS TO CONTRIBUTE TO THE SOLUTION OF IDENTIFIED PRIORITY PROBLEMS

A. SPECIFIC ACTIONS

1. Evaluation of possible technologies for intra-Caribbean transport systems

64. While modern liner vessels require specialized capital-intensive cargo handling facilities, whether on the vessel or shore-side, an intra-Caribbean service should transport a wide range of low volume cargoes and permit cargo handling facilities which are largely labour-intensive. As certain maritime transport systems do not commit Caribbean countries to expensive port facilities nor disrupt traditional labour practices which they may think are socially desirable, the introduction of such systems could not only provide countries with a broad basis for participation in the transport of their goods but also assist in making exports as competitive as possible on world markets and imports as cheap as possible for local buyers.

65. Although there are many aspects of intra-Caribbean maritime transport that should be given careful study when selecting a transport system, some of the more important are: (a) what cargoes and volumes of such cargoes are to be transported? (b) what are the normal shipping units -bulk, minerals, agricultural products, refrigerated and non-refrigerated containers, indivisible odd-sized units, etc.- of the cargoes to be transported? (c) what port facilities are available? and (d) what is the present and projected relationship between extra-regional and intra-regional transport services?

66. Since the speed of technological change in marine transport renders it impossible to predict an assured future for any transport system, there are strong grounds for recommending only systems with inherent operational flexibility. As the tug and barge transport system, for example, appears to offer broad adaptability to a wide range of shippers' needs and ports with differing facilities and water depths, it would seem advisable that careful study be given to the economic and technical feasibility of its application to intra-Caribbean transport.

2. Establishment and strengthening of national facilitation organizations and the elaboration of work programmes for the simplification, harmonization and reduction of commercial documents, procedures and practices

67. As facilitation organizations such as the Economic Commission for Europe's Working Party on Facilitation of International Trade Procedures, IMCO's Facilitation Committee, ICAO's Facilitation Division and UNCTAD's FALPRO, as well as many national facilitation organizations, have had many years of experience in this field, Caribbean facilitation organizations might consider not only evaluating extra-regional solutions for trade facilitation problems developed by these and other organizations, with a view to their possible application in the Caribbean, but also requesting assistance and substantive inputs from such organizations. For example, the United Nations Layout Key was developed by the Economic Commission for Europe to provide guidelines for the creation of aligned trade documents. As this Layout Key has proven its effectiveness throughout the world, Caribbean facilitation

/organizations might

organizations might wish to consider whether it should be adopted in their region. Additionally, direct assistance from such organizations would provide Caribbean facilitation organizations not only with substantive inputs but also with an important learning experience, so that strategies which have not proven effective can be avoided.

68. It should be understood that even modest improvements in trade facilitation can have significant effects on national economies. Such improvements can be achieved at very little cost, or even no cost at all, provided that there is a common will, on the part of the authorities concerned, to facilitate the task of all parties involved in international trade.

69. To that effect, it is recommended that the CDCC secretariat prepare and execute a subregional facilitation project in collaboration with UNCTAD/FALPRO, CARICOM and other appropriate organizations.

70. This project would involve the preparation of an in-depth study reviewing national and foreign trade formalities and procedures in the following sectors:

(a) Port procedures: in particular the implementation of the 1965 IMCO/FAL Convention (for the movement of ships) and the integration of Customs and Port Authorities procedures (for the movement of goods);

(b) Exchange control and payment procedures: payments for imports, repatriation of export proceeds;

(c) Foreign trade control: protection of the national economy by import prohibitions or restrictions; safeguarding of scarce resources by export prohibitions or restrictions, etc.;

(d) Trade statistics: improvement of collection and processing of foreign trade statistics;

(e) Consular formalities: possibility of phasing out the consular invoice itself or the consular legalization of certain documents;

(f) Revenue collection: step-by-step Organization and Methods (O & M) study of the procedures in customs houses; implementation of standards and recommended practices set out in the International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention); introduction of modern customs régimes such as the "Temporary Admission for Inward Processing"; full harmonization of Tariff Nomenclatures. As a whole, the final aims of subregional facilitation and harmonization efforts in the customs field should be to enable:

- (i) Importers and exporters to apply the same kind of formalities and procedures and prepare the same basic documentation wherever they are located in the subregion, and irrespective of the country of destination;
- (ii) Customs administrations in each country to co-operate with their counterparts in other countries, and in particular to benefit from controls performed already in the exporting country which need not then be duplicated in the importing country. This could eventually lead to the acceptance of the export documents from one country as the basis for -or in lieu of- import documents in another;
- (iii) Customs administrations to take full advantage of existing commercial documents and procedures and accept them in support -or even in replacement- of official documents and procedures whenever practicable;
- (iv) National industries to benefit from similar facilities in their respective countries in the form of customs procedures harmonized throughout the subregion.



71. The critical review of foreign trade formalities and procedures mentioned above will constitute the first part of the facilitation work. The second part will be the simplification and harmonization of the tools used for the implementation of the procedures, i.e., the foreign trade documents.

72. As a first step towards rationalization of the documents, the data requirements will be scrutinized in detail while reviewing the formalities. The objective of this operation will be to simplify the data requirements, i.e., to reduce the number of data elements to be shown on the forms. To that effect, each item of information appearing on the forms presently in use will need to be justified. Only data elements which cannot be dispensed with should be kept in the list of data to be included in the future harmonized forms.

73. The various documents themselves will then be studied with a view to reducing their number by combining, whenever possible, two or more documents in one multipurpose form fulfilling the functions of the original documents, or by abolishing documents which no longer appear to be necessary.

74. Once the basic requirements in the field of data and documents have been identified as explained above, it will be possible to redesign the entire series of forms, taking into consideration the relevant international standards and in particular the United Nations Layout Key.

75. At the country level this project will require the participation of a national facilitation body, which should consist of qualified representatives from all government agencies concerned with external trade (e.g., foreign trade control, exchange control, customs, port authorities, statistical services, national bank, etc.) and, where applicable, representatives from the private sector (e.g., chamber of commerce, federation or professional union of importers and exporters, forwarding agents, customs brokers, carriers, etc.).

76. Such national facilitation bodies will constitute permanent machinery for consultation between interested parties. They will help the Facilitation Adviser to assess in detail the present situation in the respective countries as regards formalities, procedures and documentation. They will also prepare the appropriate amendments to the relevant laws and regulations and assure effective implementation.

77. Facilitation proposals which seek to harmonize commercial procedures and documentation will be prepared in close consultation with UNCTAD/FALPRO and the CARICOM secretariat as far as customs matters are concerned. The CDCC secretariat will then submit such proposals to its member governments for their consideration and approval. In order to assure effective implementation of these proposals, the project will provide for technical assistance to national facilitation committees and other appropriate bodies.

78. It was stressed that in the elaboration of a work programme for the facilitation of commercial procedures, documents and requirements, the point of departure for national facilitation committees should be the preparation of an inventory of all procedures, documents and requirements which must be complied with to carry out an import or export operation. Once this inventory had been compiled, it could be utilized by national facilitation committees to prepare a manual which could not only assist exporters and importers with their operations but also serve as a tool for the harmonization, reduction and simplification of such procedures, documents and requirements.

79. At the same time, arrangements should be made for initiating an adequate training programme in trade facilitation methodology for one or two representatives from each Caribbean country. The persons selected for this course should have a

background in international trade or transport, so as to assist in learning the facilitation methodology. After completing this course these persons would be expected to assume functions with their respective national facilitation committees.

B. GUIDELINES FOR THE ESTABLISHMENT OF MORE PERMANENT ACTION  
PROGRAMMES IN TRADE FACILITATION AND TRANSPORT  
INSTITUTION STRENGTHENING

80. In accordance with CEPAL resolutions 390 (XVIII) and 399 (XVIII), the Group of Experts examined the areas of trade facilitation and transport institution strengthening. As a result, major problem areas were identified. Based upon this identification, proposals were made for the preparation of a plan of action that is to be submitted to the CDCC Ministers for consideration and approval at their sixth session, to be held in St. George's, Grenada from 4 to 11 November 1981.

81. The Group of Experts also discussed appropriate methods of implementing the plan in order to ensure that urgently required measures might be initiated as soon as possible. The CEPAL (CDCC) Secretariat was requested by the Group of Experts to prepare the necessary project documents and identify sources and obtain funding so that priority projects might be undertaken. The Group of Experts suggested that the CEPAL (CDCC) Secretariat should, as needed, convene meetings of technical specialists in appropriate fields to support activities within each project. Furthermore, the Group of Experts indicated that the CEPAL (CDCC) Secretariat should be authorized to convene meetings at the appropriate Ministerial level on an ad hoc basis when policy considerations were involved.

82. While these tasks might be performed by a permanent secretariat created for this specific purpose, the Group of Experts indicated that the present cost implications of this measure made it advisable to postpone its application. The Group of Experts also noted that there already existed within the Caribbean the CEPAL (CDCC), CARICOM and ECCM secretariats, all with capabilities in transport matters. Likewise, the Group of Experts recognized that the CEPAL (CDCC) and CARICOM secretariats had been mandated by the CARICOM Council of Ministers to work together on matters of common concern, thereby avoiding unnecessary duplication of effort and the wasting of scarce resources. As a result, the Group of Experts agreed that the immediate priority was to establish a focal point so that their plan of action might be initiated by utilizing the existing technical secretariats. In this manner project implementation costs would be reduced and, at the same time, an opportunity could be created for Caribbean governments to exchange needed specialists for short periods to work on specific problem areas within the ambit of technical co-operation among developing countries (TCDC).

83. The Group of Experts also noted the usefulness of strengthening the existing subregional organizations of transport operators such as the Caribbean Shipping Association, as well as the need to promote the establishment of transport operators' associations in those fields in which they do not as yet exist, as in the case of air transport.

Annex 1

LIST OF PARTICIPANTS

A. Experts

- |                           |   |
|---------------------------|---|
| Mr. H. Amstelven          | - Freight Manager, Suriname Airways   |
| Ms. Rosa María Betancourt | - Chief, External Finance Division, Oficina de Planificación (ONAPLAN), Secretaría Técnica de la Presidencia; Avenida México esq. Leopoldo Navarro, Edificio de Oficinas Gubernamentales (HUACAL) |
| Mr. Kingsley Clarke       | - Managing Director, Caribbean Air Cargo (CARICARGO)<br>Grantley Adams Airport,<br>Christ Church, Barbados  |
| Mr. Lloyd G. Fraser       | - Director, Civil Aviation<br>15 Trinidad Terrace,<br>Kingston, Jamaica   |
| Dr. Edgar Kustner         | - General Manager, Suriname Shipping Company<br>Paramaribo, Suriname  |
| Mr. G.R. Lont             | - Ministry of Economic Affairs,<br>Paramaribo, Suriname   |
| Mr. A.A. Rijsdijk         | - Verificateur, Suriname Customs<br>Paramaribo, Suriname  |
| Mr. R. Sallons            | - Civil Aviation Division,<br>Ministry of Economic Affairs<br>Paramaribo, Suriname  |
| Mr. Wayne Sandiford       | - Administrative Cadet,<br>Ministry of Trade and Industry<br>St. George's, Grenada  |
| Mr. Lionel Silos          | - Director, Maritime Affairs<br>Paramaribo, Suriname  |
| Mr. Rudi Tapessur         | - Co-ordinator of Transport,<br>Ministry of Economic Affairs<br>Paramaribo, Suriname  |

B. Observers

- |                         |  |
|-------------------------|--|
| Mr. Antheunis           | - Ministry of Economic Affairs<br>Suriname   |
| Mr. W. Christopher      | - Assistant - United Nations Desk,<br>Ministry of Foreign Affairs<br>Suriname        |
| Mr. Donner              | - Ministry of Economic Affairs<br>Suriname   |
| Mr. Ronny Rens          | - Officer-in-charge, United Nations Desk,<br>Ministry of Foreign Affairs<br>Suriname |
| Mr. N.S. Jainandunsingh | - Export Marketing Manager<br>Bruynzeel Sur. Houtmij B.V.<br>Suriname                |
| Mr. Telgt               | - Ministry of Economic Affairs<br>Suriname   |

C. International organizations

- |                     |  |
|---------------------|--|
| Mr. Alain Bellego   | - Trade Facilitation Adviser<br>UNCTAD, Geneva |
| Mr. Trevor Hamilton | - CARICOM Secretariat<br>Georgetown, Guyana    |

Annex 2

LIST OF WORKING DOCUMENTS

E/CEPAL/L.246	Guidelines for a Caribbean work programme on trade facilitation and strengthening of transport institutions
E/CEPAL/L.247	Requirements for Caribbean trade facilitation and transport institution strengthening
E/CEPAL/1085	Survey of Hawaiian inter-island maritime transport systems in the light of their significance for Caribbean inter-island transport
E/CEPAL/G.1101	The TIR Convention in the light of the needs of the Southern Cone countries
E/CEPAL/G.1175	Participation of CEPAL in technical and economic co-operation activities organized by the Latin American countries in the transport sector  The UNCTAD Special Programme on Trade Facilitation (FALPRO) and its activities in the Caribbean subregion
CEPAL/CARIB/80/9	Shipping statistics of CDCC countries
CDCC/FTI/81/1	Provisional Agenda for Meeting of Experts on Facilitation Problems and the Strengthening of Transport Institutions
CDCC/FTI/81/2	Identification of the regional objectives for the development of civil aviation
CDCC/FTI/81/3	The co-ordination of regional air transport services and the consideration of alternative methods of achieving this in such areas as improved freight services, facilitation and commercial and technical co-operation
CDCC/FTI/81/4	Consideration of the desirability of holding regular meetings of CDCC Directors of Civil Aviation