

CARIB/TNT/82/12

DISTRIBUTION: RESTRICTED

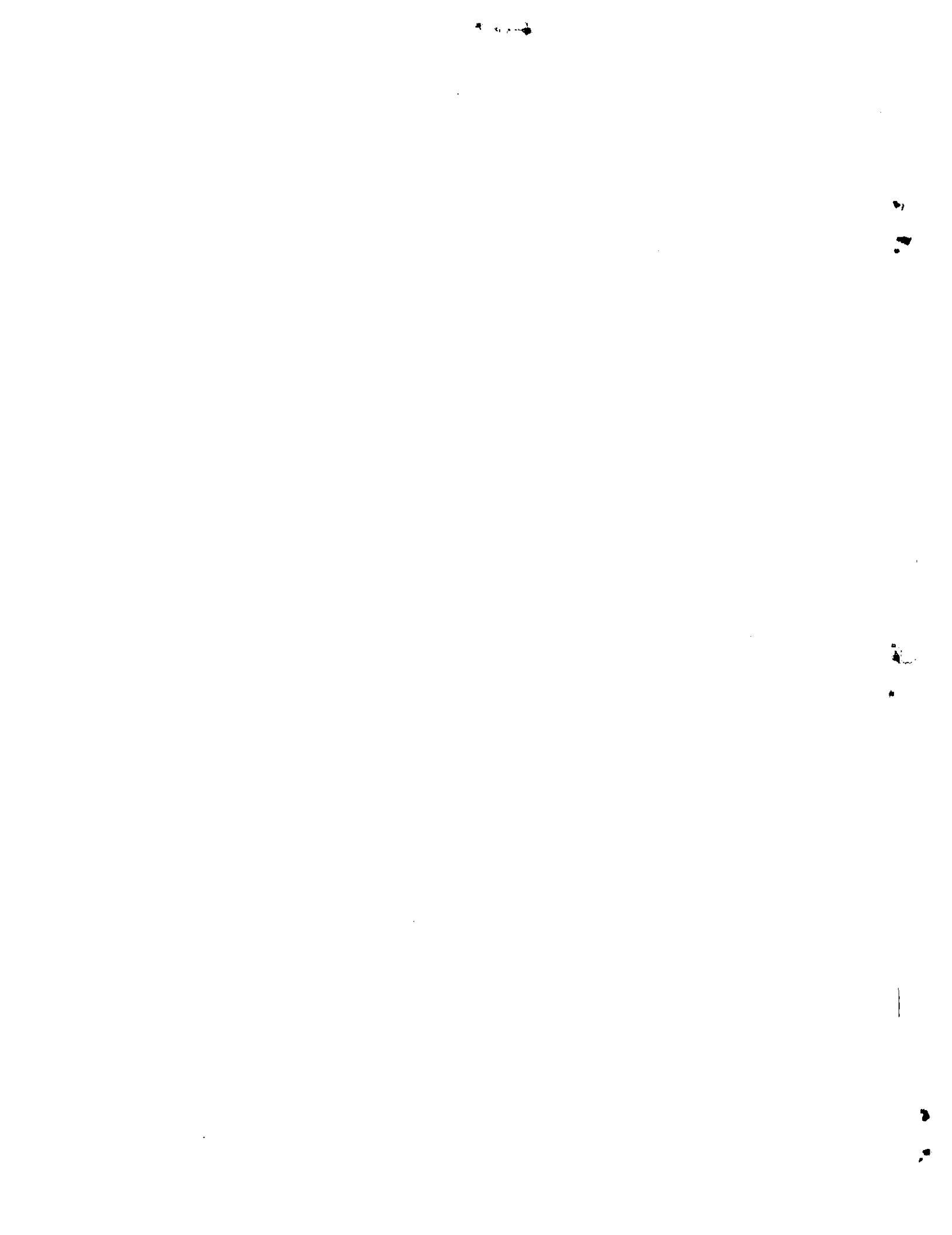
30 October 1982

ECONOMIC COMMISSION FOR LATIN AMERICA
Subregional Office for the Caribbean



TRADE PROCEDURES IN THE CARIBBEAN:
Aspects of the CDCC Work Programme

Prepared by
Ricardo Zapata Martí
Economic Affairs Officer
International Trade and Integration

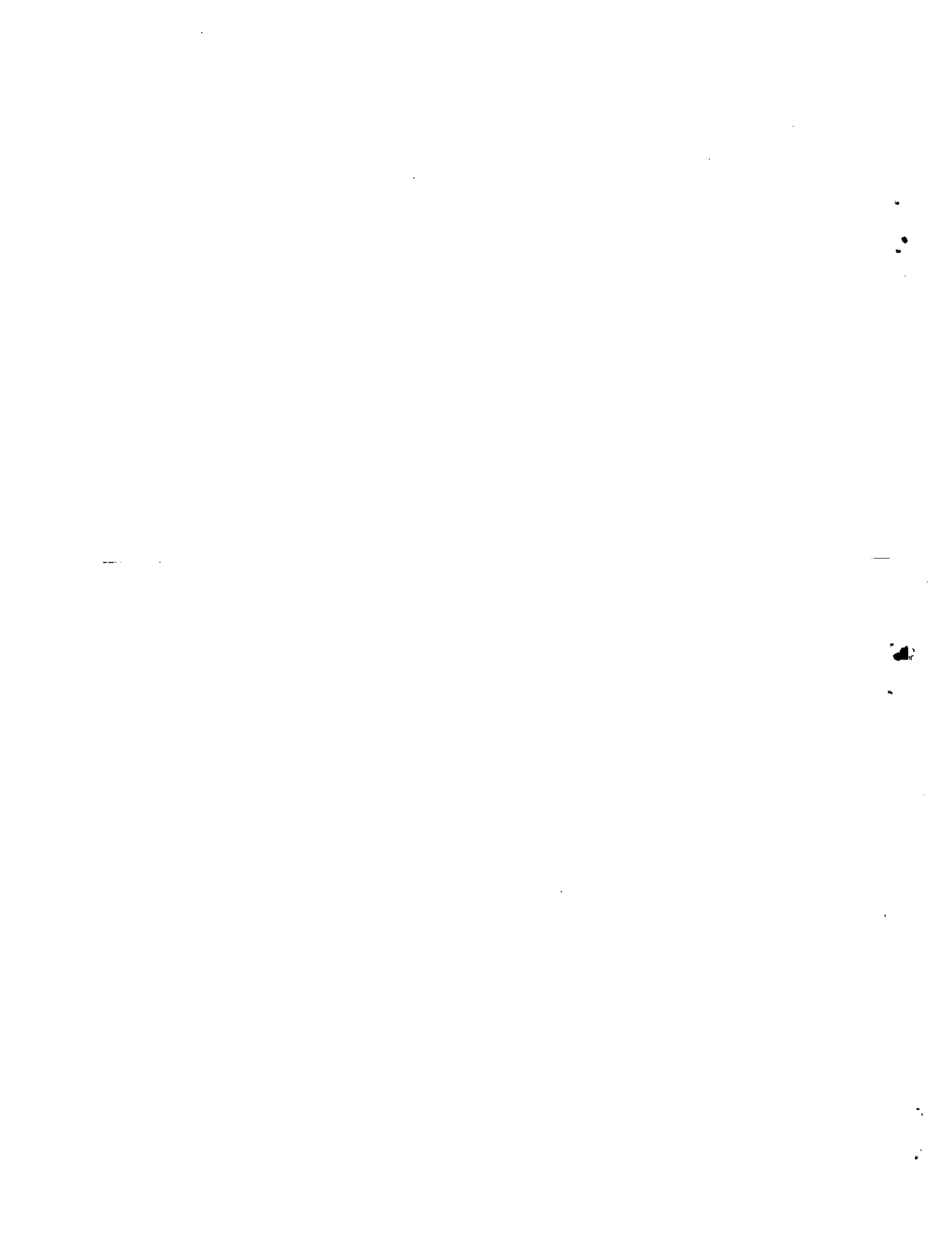


CONTENTS

	<u>Page No.</u>
1. BACKGROUND	1
2. CDCC ACTIVITIES	1
3. THE PRESENT SITUATION	3
4. FUTURE DEVELOPMENTS	7

ANNEXES

I Seminar on Export/Import Procedures - Annotated Agenda	8 - 11
II Outline for a Guide on Trade Procedures	12 - 15
III Draft Project Document on Facilitation of Trade and Transport	16 - 31



SITUATION OF TRADE PROCEDURES IN THE CARIBBEAN

I. BACKGROUND

The historically open-economy character of the majority of the Caribbean countries is argument enough to demonstrate that trade in goods and services is a vital element for the region's development. There are, nevertheless, negative factors that prevent such trade from having a more positive character. Exports have experienced a historical decline of their terms of exchange and export promotion mechanisms (mainly of an institutional and fiscal nature) have been unable to create sufficient permanent trade flows both inside the subregion and in world markets.

Lack of financial resources and lending policies that negate other incentives - as well as the lack of a foreign trade structure in the subregion, manifested in the lack of adequate marketing information and technology - are the main obstacles faced by would-be exporters.

Subsidized imports mainly from traditional ex-colonial sources in the case of the more recently independent countries, are at the same time a disincentive for local substitution and a fiscal burden. The subregion has relatively higher transport and handling costs on a unitary basis as compared with other areas of the world. This is aggravated by surcharges due to port congestion, a high rate of losses, etc., that make the cost of goods even higher.

II. CDCC ACTIVITIES

With these considerations in mind the current CDCC Work Programme^{1/} envisages, in 1983, the convening of a seminar on trade operation and import/export techniques used by the countries (see Annex I). The overall objectives of the exercise are to foster intraregional trade and facilitate the flow of goods in the Caribbean. Emphasis will be given to the situation of goods traded between the Less Developed Countries (LDCs) and the More Developed Countries (MDCs). A secondary aim of the exercise is to encourage

^{1/} E/CEPAL/CDCC/78/Rev.1, 8 June 1982.

the rationalization and possible harmonization of trade procedures. This seminar will bring together government officials from all CDCC countries with responsibilities in the areas of trade control and trade promotion. It is also linked to the CDCC activities in the area of facilitation of trade and will take into account the conclusions and recommendations of the Meeting of Experts on Facilitation Problems and the Strengthening of Transport Institutions.^{2/}

The review of national trade procedures which would be the basis for the meeting requires the preparation of national papers describing the current situation. Instead of having the Secretariat conduct a detailed survey - a costly and time-consuming process - the preparation of brief country trade operations guides will be requested from participants to the seminar. An outline of these national guides is attached as Annex II. These guides will be the first tangible result of the exercise - and could be published as a reference document.^{3/}

Due to the limited physical and manpower resources at the disposal of the smaller LDCs which are the countries whose trade most needs increasing and rationalizing, it will be necessary to involve the Secretariat of the Organization of Eastern Caribbean States (OECS) in this undertaking. In the framework of CDCC Resolution 11(VI) on increased ECLA support to Eastern Caribbean Countries assistance will be provided for this Secretariat to prepare the national papers on the LDCs on the basis of the outline prepared by ECLA. It is to this effect that a project proposal has been prepared for submission to financial agencies. This proposal derives from the missions and proposals made by the UNCTAD Facilitation Programme (FALPRO) in 1979-1982.

^{2/} Paramaribo, Suriname, 27-30 October 1981. Document E/CEPAL/CDCC/89, 4 November 1981; E/CEPAL/G.1192, 14 January 1982.

^{3/} The meeting might wish to consider adopting a loose-leaf format.

III. THE PRESENT SITUATION^{4/}

The formalities or administrative/commercial requirements, and the procedures or steps which importers or exporters have to go through when undertaking their trade are not fundamentally influenced by the institutional "model" of the foreign trade sector in the respective countries: whether it is almost fully private, like imports in Trinidad and Tobago, or in Suriname or governmentally centralized, like import procurement in Guyana, the external trade in the Caribbean has to cope with the same necessities and is subject to the same basic requirements with respect to exchange control and licensing, revenue collection, statistical information and commercial practices. Only the modalities of execution differ to some extent.

These modalities are affected by three types of problems: substantive, structural and formal. Problems of "substance" impinge on national trade policies: tariff structure, preferential arrangements, foreign exchange controls, etc. Structural problems arise from the physical and administrative procedures through which trade is conducted. Formal problems are mainly related to documentation requirements.

Policy decisions in respect of trade and national development impinge substantively on trade procedures. Radically different procedures apply whether imports are seen as a supplement to a protected "infant" industrial development process, and exports are controlled in order to maintain national stocks for local consumption. Conversely, imports are subsidized as a matter of necessity to supply basic commodities unavailable on the local market - be it foods or capital goods, and exports whose demand on the local market is known to be either satiated or negligible, are promoted as the main foreign exchange earners.

When emphasis is placed on control it is frequent for double procedures to be put in force. In Haiti, for example, import control is carried out twice: first by import licensing - prior to the actual order to the supplier which entails an enquiry as to national availability and local production - and second by customs clearance authorization, usually after the goods have

^{4/} On the basis of FALPRO's preparatory mission Reports FAL.03/01, IN/69/711 CDCC, 15 June 1979.

arrived. Since licenses are granted on a case-by-case basis the fact that shipments of one type of merchandise have received prior authorization is no guarantee that they will be licensed everytime; thus these two normally accepted standard procedures do not follow a sequential order. It can happen that customs clearance is granted before licensing has been obtained.

An important feature of the region, especially for those countries with parliamentary-type of government, is the legal requirements which prevail in these countries: since the details of procedures are often included in various laws, any attempt to abolish excessive requirements or even to simplify cumbersome procedures has to go through parliament unless the matter can be dealt with by regulations within the law. Very limited power of decision is left to the Chiefs of Departments.

Different administrative systems and traditions are now present in the subregion. Even where they date back to the time before independence when administrative practices were copied from the ruling countries they have since evolved in different directions. In some cases even when the same names and reference number are used, the contents and layout of the forms are now different.

The question of language should not be overlooked in a region where English, Dutch, French and Spanish are used, thus creating complications which impede intra-country trade. In some documents the "domestic" part of an external trade transaction like manufacturing or stock-taking of merchandise, packing, local transport, administrative controls, etc., cannot but be performed in the national language. This might imply a necessary preparation of separate documentation in the national language of the exporter/importer and in an "international" language for external trade documents, although the use of the U.N. layout key would assist in clarifying the situation.

Problems of nomenclature for the classification of goods in customs and tariffs also arise. Even though the use of the Customs Co-operation Council Nomenclature (CCCN) is widespread, the degree of updating varies from one country to another. To these discrepancies is added the lack of a specific nomenclature formally adopted by the integration schemes -

unlike the case of Central Central America (which uses NAUCA), the Andean countries (which use NABANDINA) or the Latin American countries within the Latin American Integration Association (ALADI - former ALALC or LAFTA) which use NABALALC, all on the basis of the Brussels Tariff Nomenclature (BTN).

Introduction of "temporary admission for inward processing" schemes by which importers are granted conditional relief from import duties and taxes in respect of goods that are to be re-exported after having undergone specified manufacturing or processing are in most cases only embryonic. The main purpose of these schemes makes it possible for national enterprises to offer their products on foreign markets at competitive prices and thereby providing employment opportunities for national labour. But they have experienced two drawbacks in the subregion. On the one hand, in many cases it is applied in such a limited way that it does not allow importers/manufacturers or exporters to draw full benefits from the scheme. On the other hand, within the common market schemes - the OECS and CARICOM - fears and suspicion amongst the member countries have risen as to the degree of processing that allows a product to be treated as originating from the region, due to fears that some countries are circumventing the established percentages set by the rules of origin that govern the application of tariffs. Questions arise as to what is the effective value added in manufacturing of some goods, with high contents of imported "raw materials"; especially when these are promoted for intraregional trade and are considered by some to be merely "assembled", repackaged or relabelled.

The granting of preferential treatment which acts as an incentive for intraregional trade, is unnecessarily complicated. For example, in the case of intra-CARICOM trade the certificate of origin is combined with additional functions of value declaration and invoice. For Commonwealth^{5/} preferences special "invoices and declarations of value" are required. Recommendations for changes in this field would have to be reviewed in consultation with the CARICOM Secretariat.

^{5/} Within the British Commonwealth of Nations.

In addition to these "substantive" problems, those of "form" also arise. There is a great variety and number of forms of all sizes and layouts. Use of the U.N. layout key to design aligned forms^{6/} would not only facilitate the completion of formalities within each country and expedite procedures (revision is made easier if each "slot" is standardized in its content), but also assist in solving the language problem. Since at present the same information does not appear at the same place in all the documents involved, clerks or customs agents in each country will not know, for instance, whether the name and address shown in the top left box of the form is that of the exporter or the importer, hence the preprinted headings and text of forms cannot be used in any language, whether "international" or not.

"Structural" problems also impinge on the procedures of trade and flow of goods: communication lags that cause the late arrival of documents; port procedures that require documents for loading the export or unloading the import cargo (checking, storing goods until they are cleared through customs and finally delivered to the importer or loaded onto the exporting vessel). Excessive documentation required or a lack of it are equally damaging: for example, in Suriname it has been noted that shipping companies do not report on goods unloaded; if anything is missing in a consignment the importer is unable to establish when the goods disappeared or who is responsible for the loss. Damage, congestion, pilferage, inadequate storage affecting unprotected cargo or perishable goods are some of the "structural" problems encountered in subregional trade in varying degrees. The lack of regular scheduled services especially in the case of smaller vessels is a constant preoccupation in the smaller islands which depend more heavily on these, both to carry

^{6/} Common formats with similar information being located always in the same position in the sheet. On these forms most of the information to be filled in consists of names and addresses or figures (e.g. value, net or gross weight in standard units), which do not need any translation. It is only the narrative description which could cause difficulty but the usage of common codes would alleviate this: a fully harmonized customs tariff nomenclature for goods, the ISO country code for names of countries, etc.

their exports and bring basic imports - in some cases perishable agricultural commodities. Delay in arrival of a ship can mean the loss of substantive amounts of produce to be exported or shortage of basic commodities on the local market.

IV. FUTURE DEVELOPMENTS

National Level

On the basis of recommendations which may be adopted at the programmed seminar in 1983, and possible resulting CDCC resolutions on the establishment of national trade facilitation systems a project should be initiated with FALPRO (see Annex III). The project should seek to harmonize trade procedures and facilitate trade, starting with procedural and documentation matters and finally affecting the actual flow of goods. The national situation regarding the producer-to-ship flow in the case of exports, and the ship-to-retailer flow in the case of imports, should be analyzed by the project.

Subregional and regional level

In the identification of alternative mechanisms to ease the existing trade flows consideration should be given to present regional transport efforts such as WISCO and NAMUCAR in sea transport or CARICARGO in air freight or the proposal to establish a regional airline. On the trade side, consideration should be given to regional trading initiatives - the emergence of new mechanisms such as CFC/CATCO for the agricultural sector and possibilities being discussed such as Multinational Marketing Enterprises and regional trading companies. These activities must be conducted taking into account the CARICOM Secretariat initiatives in this area, especially the work of the Customs and Tariffs Committee.



Seminar on Export/Import Procedures

Annotated Agenda

1. Preparation of national guides on trade operations

(a) for LDCs, an ECLA-assisted survey conducted by the OECS Secretariat;

(b) for the other CDCC countries, national institutions would assume the responsibility, at their own expense, of forwarding the information requested.

2. Convening of Seminar (second/third quarter 1983)

(a) Participants: government officials from the Ministries of Trade/ Finance and/or Central Banks with direct responsibility for overall trade policy, both in terms of control and promotion, and representatives of regional institutions;

(b) Duration and venue: five days in a place to be determined, during the second or third quarter of 1983, the possible co-sponsoring of a national agency, such as the Trinidad Export Promotion Unit within the Ministry of Trade;

(c) Substantive items of the agenda should be:

(i) Consideration of the national guides on trade procedures, their accuracy and publication as a reference document should be the main topics for discussion.^{7/}

(ii) Critical review of trade formalities and procedures in the Caribbean, open debate on these, their relation to overall trade policies, technical efficiency and relation with national and regional administrative structures should be discussed.

^{7/} A consolidated document in the three CDCC languages or three sets of documents, possibly in loose-leaf form to permit the updating of modifications. The necessity of a Dutch version for Dutch-speaking countries does not seem essential.

(iii) Simplification of procedures at the national level:

Discussion would centre on the convenience of creating national trade facilitation committees,^{8/} as multi-disciplinary bodies at the national level with the Central Banks, Ministries of Trade, Port Authorities, Statistical Services with delegates from the productive and training sectors (public and private).

These committees' terms of reference would include:

- the analysis of trade procedures, steps required for importing/exporting goods, and the formalities; documents required from traders;
- the justification of data required in the documentation;
- the analysis of systems followed in terms of duplication or validity of procedures; problems such as unnecessary double checking; bottlenecks both in the procedures and in the flow of actual goods;
- abolition of unnecessary documents and preparation of multipurpose forms, their adoption (legal framework; changes necessary) and their implementation; consideration of international standard formats, in particular the UN layout keys for trade documents;
- streamlining of procedures to assure the necessary control of trade without delaying the flow of goods.

(iv) Simplification, Harmonization and Standardization of procedures at the subregional and regional levels.

Discussion should focus on mechanisms for the further simplifications and promotion in the region

^{8/} Although some already exist they do not appear to function properly.

of harmonized, commonly accepted and eventually standardized procedures. Alternative mechanisms should be proposed. Possibilities that could be considered are for example, regular meetings of representatives of the national trade facilitation committees, or working groups encompassing the existing subregional and regional integration and co-operation bodies (OECS, CARICOM, CDC), government trade sector delegates, and subregional and regional private sector trade representatives (trading companies, associations of exporters, etc.). These mechanisms should consider items such as:

- the possible adoption of common documentary formats or the validity of exporting documents in importing countries;
 - the regular exchange of information as regards variation or modifications of the requirements and procedures for trade;
 - common bottlenecks identified at the national level and possible collective measures to ease them; this impinges mainly on the regularity and reliability of intraregional trade flows and the adequate transport infrastructure most suitable for the Caribbean needs.
- (v) Institutional strengthening. On the basis of discussions of items 2, 3 and 4, critical priority areas for institutional strengthening of the trade and transport continuum should be identified for inclusion in future regional/national activities. The status of the pending project proposal submitted by the 1979-1980 ECLA/FALPRO mission should be discussed.

3. Follow-up on action for seminar: To carry out the seminar as envisaged in the work programme, additional funds are required for:

(a) the OECS consultancy to prepare national guides for these countries;

(b) publication of the consolidated guides in three languages;

(c) UNCTAD/FALPRO representation at the Seminar. The involvement of UNCTAD/FALPRO in this activity is seen as essential and in accordance with past activities on trade facilitation.

OUTLINE FOR A GUIDE ON TRADE PROCEDURES

CONTENTS OF NATIONAL TRADE OPERATIONS GUIDE	GUIA DE PRACTICAS COMERCIALES NACIONALES	CONTENU DES GUIDES NATIONALES DES PROCEDURES DU COMMERCE EXTERIEUR
1. IMPORT REGIME	1. REGIMEN DE IMPORTACIONES	1. REGIME DES IMPORTATIONS
1.1 Customs duty policy	1.1 Política arancelaria	1.1 Politique douanière
1.1.1 Import tariffs	1.1.1 Impuestos a las importaciones	1.1.1 Droits d'importation
1.2 Trade Requirements	1.2 Requisitos Comerciales	1.2 Documentation du Commerce
1.2.1 Import permit or license	1.2.1 Licencias	1.2.1 Licenses
1.2.2 Invoices	1.2.2 Facturas	1.2.2 Factures
i. commercial	i. comercial	i. commerciale
ii. consular	ii. consular	ii. consulaire
iii. <u>pro-forma</u> invoice	iii. <u>pro-forma</u>	iii. <u>pro-forme</u>
iv. invoice of goods shipped	iv. lista de empaque	iv. facture de la marchand- ise expédiée
1.2.3 Bill of Lading	1.2.3 Conocimiento de embarque	1.2.3 Connaissance
1.2.4 Certificates	1.2.4 Certificados	1.2.4 Certificats
- of origin	- de origen	- d'origine
- of purity	- de pureza	- de purité
- of quality	- de calidad	- de qualité
- animal and/or botanic health	- fitosanitarios	- sanitaire
- of registration	- de registro o matricula	- d'immatriculation
- of analysis	- de análisis	- d'analyse
- of insurance	- de seguro	- d'assurance
- of value	- de valor	- de valeur
- of weight	- de peso	- de poids

CONTENTS OF NATIONAL TRADE OPERATIONS GUIDE	GUIA DE PRACTICAS COMERCIALES NACIONALES	CONTENU DES GUIDES NATIONALES DES PROCEDURES DU COMMERCE EXTERIEUR
1.2.5 Technical specifications	1.2.5 Especificaciones técnicas	1.2.5 Spécifications techniques
1.2.6 Advertising material	1.2.6 Material publicitario	1.2.6 Matériaux de publicité
1.2.7 Labelling	1.2.7 Rotulación	1.2.7 Etiquetage
1.2.8 Brands or trademarks	1.2.8 Marcas	1.2.8 Marque de fabrique
1.2.9 Packing	1.2.9 Empaque	1.2.9 Emballage
1.3 Fines and Penalties	1.3 Multas y Sanciones	1.3 Amendes et Sanctions
1.4 Specimens, Samples	1.4 Muestras	1.4 Echantillons
1.5 Shipment Restrictions	1.5 Restricciones de Embarque	1.5 Restrictions d'expédition
1.6 Distribution Channels	1.6 Canales de Distribución	1.6 Circuits de Distribution
1.6.1 Agents or representatives	1.6.1 Agentes o representantes	1.6.1 Repésentant, agent ou mandataire
2. EXPORT REGIME	2. REGIMEN DE EXPORTACIONES	2. REGIME D'EXPORTATION
2.1 Export Procedures	2.1 Trámites de exportaciones	2.1 Procédures d'exportation
2.2 Exports Subject to Special Requirements	2.2 Exportaciones sujetas a requisitos especiales	2.2 Exportations sujetas à traitement spécial
2.2.1 Export permit	2.2.1 Permiso de exportación	2.2.1 Permis d'exportation

CONTENTS OF NATIONAL TRADE OPERATIONS GUIDE		GUIA DE PRACTICAS COMERCIALES NACIONALES		CONTENU DES GUIDES NATIONALES DES PROCEDURES DU COMMERCE EXTERIEUR	
2.3	Export Incentives	2.3	Incentivos a las exportaciones	2.3	Incitations pour l'exportation
2.3.1	Direct incentives	2.3.1	Incentivos directos	2.3.1	Incitations directes
2.3.1.1	Direct tariff incentives	2.3.1.1	Incentivos directos de naturaleza arancelaria	2.3.1.1	Incitations tarifaires directes ou primes d'exportation
	- tax exemptions or reductions		- de naturaleza tributaria (exenciones, reducciones)		- exemption ou reduction des taxes
	- compensatory taxes		- de naturaleza compensatoria		- compensations douanières
2.3.1.2	Direct credit incentives	2.3.1.2	De naturaleza crediticia	2.3.1.2	Crédits d'incitation
	- pre-shipment credit		- crédito de pre-embarque		- de chargement
	- post-shipment credit		- crédito de post-embarque		- d'expédition
2.3.1.3	Certificates	2.3.1.3	Certificados	2.3.1.3	Certificats
	- tax refund certificate		- certificado de reintegro tributario		- de remboursement des taxes
	- tax guarantee or tax payment certificate		- certificado de abono tributario (CAT)		- de versement des impôts
	- export increase certificate		- certificado de incremento de exportaciones (CIEEX)		- d'accroissement des exportations
	- tax compensation certificate		- certificado de compensación tributaria		- de compensation douanière
2.3.2	Indirect incentives	2.3.2	Incentivos indirectos	2.3.2	Incitations indirectes
	- "draw-back" schemes		- "draw-back" (reintegro de derechos de aduana)		- systèmes de remboursement des droits d'importation
	- preferential exchange rates		- tipo de cambio preferencial		- cours préférentiel
	- financial incentives		- estímulos financieros		- incitations financières
2.3.3	Free Zones (trade and industrial freeports)	2.3.3	Zonas libres (de industria y comercio - puertos libres)	2.3.3	Zones franches (pour l'industrie et le commerce - ports libres)

CONTENTS OF NATIONAL TRADE OPERATIONS GUIDE	GUIA DE PRACTICAS COMERCIALES NACIONALES	CONTENU DES GUIDES NATIONALES DES PROCEDURES DU COMMERCE EXTERIEUR
3. MULTILATERAL AGREEMENTS AND INTEGRATION SCHEMES	3. TRATADAS MULTILATERALES Y ACUERDOS DE INTEGRACION	3. TRAITES
3.1 Bilateral	3.1 Bilaterales	3.1 Bilatéraux
3.2 Multilateral	3.2 Multilaterales	3.2 Multilatéraux
3.3 Integration schemes	3.3 Acuerdos de integración	3.3 Accords d'intégration
4. AGENCIES AND INSTITUTIONS INVOLVED IN FOREIGN TRADE	4. ORGANISMOS QUE INTERVIENEN DIRECTAMENTE EN EL COMERCIO EXTERIOR	4. SERVICES ET INSTITUTIONS ENGAGES DANS LE COMMERCE EXTERIEUR
5. NATIONAL AND INTERNATIONAL FAIRS	5. FERIAS NACIONALES E INTERNACIONALES	5. FOIRES OU EXPOSITIONS NATIONALES ET INTERNATIONALES
5.1 Name and place	5.1 Nombre y lugar	5.1 Nom et lieu d'exposition
5.2 Organizing institution	5.2 Entidad organizativa	5.2 Institution organisatrice
5.3 Frequency and direction	5.3 Frecuencia	5.3 Fréquence et direction
6. CHAMBERS AND ASSOCIATIONS OF COMMERCE	6. CAMARAS Y ASOCIACIONES DE COMERCIO	6. CHAMBRES OU ASSOCIATIONS DE COMMERCE
6.1 Membership to regional and international associations	6.1 Afiliación a entidades regionales e internacionales	6.1 Institutions régionales et internationales adhérentes

Project of the Governments of the Caribbean

DRAFT PROJECT DOCUMENT

Title: Facilitation of Trade and Transport

Duration: Three years in two phases of 18 months each

Number: CAR/83/

Sector: International Trade

Sub-sector: Trade, Policies and Planning

Executing Agency: The United Nations Conference on Trade and Development
in association with the Economic Commission for Latin
America Office for the Caribbean

Estimated start-
ing date: January 1984

Governments
inputs:(in kind)

UNDP inputs: (proposed two phases) ..US\$326.000

A. Development objective

1. The development objective of this project is the facilitation of international trade within the Caribbean subregion by reducing trade formalities, streamlining procedures for the movement of goods, and by simplifying and standardizing documents required in all the various activities constituting international trade.

B. Immediate objectives

2. To identify the present difficulties encountered by foreign trade operators and government agencies in the field of formalities, procedures and documents for international trade.

3. To promote the establishment of national facilitation organizations and create lines of communication between such organizations at both the regional and international levels.

4. To improve the situation at national levels by the reduction of official or commercial requirements and the simplification of the modalities for complying with these requirements.

5. To introduce in the subregion harmonized procedures and documents based on international practices, i.e., those resulting from the I.M.O. Facilitation Convention, the Standards and Recommended Practices included in the International Convention on the Simplification and Harmonization of Customs Procedures, the U.N. Layout Key for trade documents, recommendations of the ECE Working Party on Trade Facilitation, etc.

C. Special considerations

6. The political environment of Caribbean island states must be understood prior to instituting any facilitation work programme. As most governments of Caribbean islands have highly centralized decision-making powers in the Chief Executive, often with detailed requirements for international trade included in statutory provisions, heads of governmental departments such as customs, banking, insurance, etc., have very little or no authority to implement recommended facilitation measures. Additionally, because the private sector may

have some influence over the implementation of certain facilitation measures, such groups should be consulted prior to adoption of a facilitation work programme and requested to collaborate in the preparation of recommendations.

7. The Caribbean political environment, in response to different goals and aspirations within the Caribbean area, has led to the formation of sub-regional organizations such as CARICOM and OECS as well as the Caribbean Development and Co-operation Committee (CDCC) as a permanent subsidiary body of ECLA. In an effort to ensure that such differing goals do not impede the implementation of facilitation proposals, the overall facilitation work programme should be carried out in close consultation with ECLA which has the broadest political and geographical base.

8. As the international movement of goods, carriers and persons is simply a grouping of separate national transport operations, controlled by each country's legal and institutional regimes, the focus of facilitation efforts at the national level will be unproductive unless carried out simultaneously among trading partners. The great majority of national facilitation problems have to be approached and solved in concert with regional and international interests.

9. Since trade and transport facilitation is a global undertaking which cannot be limited to a subregion or a region, but should be co-ordinated on a world-wide basis in order to avoid the problems arising from different systems of standardized trade procedures and documents, the Project should be executed by UNCTAD's Special Programme on Trade Facilitation (FALPRO) in association with the Economic Commission for Latin America.

D. Background and Justification

10. Trade and transport facilitation may be defined as the simplification, minimization and, where possible, standardization of those governmental and institutional procedures, formalities and requirements which not only place financial and economic burdens on the international free flow of goods, carriers and crews, and passengers and their baggage but can even prevent the international flow of trade itself. To accomplish such a broad purpose, that cuts across national boundaries and practices, national, regional and even global efforts must be made to permit or ease these flows.

11. Trade and transport facilitation problems arise in two interrelated contexts - from the use of unnecessary or inappropriate commercial practices, and from a lack of harmonization among the various national, regional and international commercial practices. Recent findings indicate that the cost of international trade documentation represents up to 10% of the total value of exports. In some developed countries it has been reported that 360 copies of 46 different documents have been required for each shipment.

12. Additionally, the late arrival of documents or needed information at destination delays release of the goods and possibly originates 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 cost of documentation can seriously endanger exporters' ability to compete in world markets.

13. By the introduction of simplified documents, cost reductions of up to 70% have been reported from several countries; the total time required for the preparation of a set of documents has been reduced in some cases from more than four hours to less than 15 minutes. Additional benefits could be derived from the simplification and standardization of documents should a parallel effort be exerted to reduce the formalities and streamline the procedures. In most countries, formalities and procedures have developed for decades in a disorganized way, each department defining its own requirements and the way to comply with them with little regard for other administrative sectors; this results in duplication of efforts and superimposition of procedures. Sometimes formalities and procedures still reflect historical situations - e.g. colonial status - no longer relevant.

14. During the decade of the sixties a growing number of member countries of the United Nations were becoming aware of the need for co-ordination of facilitation efforts on a world-wide basis. For example this awareness led member countries of the Economic Commission for Europe (ECE), through Resolution 4(XXIV), to emphasize the need for such co-ordination. The United Nations Economic and Social Council took note of this resolution and, with financing

from the United Nations Development Programme (UNDP), Interregional Advisory Services on Trade Facilitation were created within the United Nations Conference on Trade and Development (UNCTAD). In 1975 UNCTAD's work on facilitation was enlarged through the establishment of a Special Programme on Trade Facilitation (FALPRO), whose terms of reference cover the development of trade document facilitation measures, provision of substantive support for technical assistance and, as this Programme is global in nature, close co-operation with the facilitation work of the regional economic commissions and other international organizations.

15. The need for trade and transport facilitation in Latin America has been recognized by many organizations. Possibly the earliest recognition of such need was in 1928 at the Sixth International Conference of American States. At this conference two resolutions were adopted recommending regional simplification and standardization of customs procedures and port formalities. At the Inter-American Port and Harbour Conference in 1959 member countries of the Organization of American States (OAS) also recognized this need in Section X of the Declaration of San José. Additionally, the Treaty of Montevideo (Article 49) was the first Latin American agreement to express the two interrelated purposes of trade and transport facilitation - to remove or lessen the non-tariff burdens on the free flow of international trade and to serve as an indispensable tool for economic integration.

16. In the Caribbean region, so largely dependent upon extraregional maritime transport, there is a risk that the transport system may evolve in such a manner as to reflect the needs of the extraregional trading partners rather than the needs of the region's transport environment. Such risk and the recognition that the Caribbean does not yet have a uniform institutional infrastructure for trade - which is mainly governed by bilateral agreements, by each country's commercial code, and by agreements among sellers, buyers, freight forwarders, banks, carriers and other commercial interests - led to the involvement of CDCC in the study of facilitation problems and the strengthening of transport institutions.

17. A number of other governmental and non-governmental international organizations are engaged in the facilitation of international trade documents. Each proposes solutions in its own field of activity and within its own terms of

reference. For example, the International Convention on the Simplification and Harmonization of Customs Procedures was prepared by the Customs Cooperation Council; IMO prepared a Facilitation Convention for Maritime Traffic; the International Chambers of Commerce work towards the facilitation and harmonization of commercial practices, etc.

18. Among facilitation objectives of CDCC is the harmonization and simplification of external trade procedures with a view to developing trade between the countries of the subregion. In an effort to achieve this goal, the ECLA Office for the Caribbean in 1979 contacted UNCTAD/FALPRO suggesting that a preparatory facilitation mission be undertaken to some of the Caribbean countries.

19. This mission was undertaken in February/March 1979, and in March and in June/July 1980 when a Facilitation Adviser visited Guyana, Suriname, Trinidad and Tobago, Haiti and Cuba to assess the situation of these countries in the field of foreign trade formalities, procedures and documentation.

The present project document was subsequently prepared on the basis of the Adviser's findings.

20. Additionally, resolution 390 (XVIII) adopted by the member countries of ECLA at its Eighteenth Session^{9/} requested the Executive Secretary of ECLA "in consultation with member governments, to convoke in the principal geographical areas of the region, subregional meetings of facilitation experts, from national as well as international organizations with the purpose of identifying the principal facilitation problems in each subregion, to fix priorities and to suggest measures that may be able to contribute to the solutions of such problems by the countries and render assistance to the secretariat in order to establish a more stable and permanent action facilitation programme".

21. In the Caribbean a Meeting of Experts on Facilitation Problems and the Strengthening of transport Institutions was held in October 1981^{10/}. The experts made recommendations on specific actions for a programme of co-operation

^{9/} La Paz, Bolivia, 8-26 April 1979.

^{10/} Held in Paramaribo, Suriname, 27-30 October 1981. See report document E/CEPAL/G.1192, 14 January 1982 (E/CEPAL/CDCC/79).

among Caribbean countries to strengthen transport institutions and facilitate trade flows, which contribute to the solution of identified priority problems. These cover four areas: the development of an intra-Caribbean transport system; the simplification, harmonization and reduction of commercial documents, procedures and practices; transport planning on a national as well as subregional basis; and the utilization of new transport technologies.

22. As a consequence of this meeting the ECLA/CDCC Secretariat was requested to prepare the necessary project documents to carry out an evaluation of possible technologies for intra-Caribbean transport system; the 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. The Secretariat was also requested to convene meetings of technical specialists in appropriate fields to support activities within each project and meetings at the appropriate governmental level on an ad hoc basis when policy considerations were involved.

23. Taking into consideration that facilitation - as understood here - is a multidisciplinary task that involves several national institutions and services within the Ministries of Transport and Trade as well as the Central Bank and the Customs and Port Authorities, the central objective of the project, which is, in the long run, that the flow of trade is not impaired, requires a multidisciplinary, multi-agency approach in which the concepts and practice of transport planning and trade promotion are intertwined.

E. Outputs

24. Within that general framework, two distinct phases of work are envisaged during which the following specific outputs should be achieved:

I. Improvement of trade procedures at the national level

- (a) The setting up at national level of permanent machinery for consultation between all parties concerned with international trade;
- (b) A thorough study of present foreign trade formalities and procedures in each country in the context of the government's trade policy resulting in:

- (i) an assessment of their validity vis-à-vis policy objectives; and
- (ii) descriptive flow charts evidencing the duplications, bottlenecks, irrational steps, excessive documentary requirements, etc., in the procedures;
- (c) Recommendations to each individual government concerning the trade process - both in its structural and formal aspects; special attention will be given to the discontinuation of formalities which appear unnecessary, to the reduction of procedural steps whenever feasible, to the harmonization and alignment of internal documents with the United Nations Layout Key.

II. Regional trade facilitation

- (a) Introduction of harmonized Customs procedures in the subregion, in consultation with the OECS and CARICOM Secretariats;
- (b) Preparation of a harmonized set of aligned external trade documents for use within the subregion;
- (c) Preparation of information brochures for importers and exporters explaining how to comply with the new foreign trade formalities and procedures and to prepare the aligned documentation;
- (d) Recommendations as to future actions - natural and regional - that could facilitate trade and strengthen transport institutions in the Caribbean.

F. Inputs

Governments inputs in kind

25. Governments are expected to set up national trade facilitation committees composed of qualified representatives of all sectors, public and private, involved in foreign trade operations. The national facilitation bodies will

will assist the advisers in their studies and consultations by providing them with the information required. They will review the advisers' findings and recommendations and will prepare with their assistance the necessary changes in national laws and regulations. A civil servant will be designated in each country as full-time counterpart to the facilitation adviser for the duration of the project. Office accommodation, supporting secretarial services and local transportation, including visits to various ports, as required, will be provided to the adviser.

UNCTAD/FALPRO

26. Trade Facilitation Adviser(s): The adviser(s) shall carry out the activities described in the work plan. He/they should have recognized university training in economics and commercial subjects, and considerable practical experience in the organization and implementation of documentary procedures with respect to the flow of international trade, e.g. in connection with Customs administration or freight forwarding. Evidence of substantial work related to document simplification and the streamlining of documentary procedures will be regarded as an advantage. Fluency in English and good working knowledge of French and/or Spanish is required.

27. Transport Experts: The experts should be responsible for producing recommendations to governments for the better handling of cargo and passengers in their transport terminals. They should have recognized practical experience in the operation of port/airport systems. Fluency in English and a good working knowledge of French and/or Spanish is required.

ECLA Inputs

28. Trade and Transport Officers in the Port of Spain Office will liaise with the Adviser and the Experts, provide them with the necessary reference materials and undertake, in co-ordination with FALPRO, the supervision of the project. Administrative and clerical support as well as temporary office accommodation will also be provided during the stay of the Adviser and the Experts in the Port of Spain Office.

G. Estimated Costs

(a) TOTAL	<u>M/M</u>	<u>US\$</u>
Trade Facilitation Adviser (RFA)	34	170,000
Transport Experts on port/airport system (TE)	14	70,000
Travel:		
- Trade Facilitation Advisers		28,000
- ECLA		17,000
- UNCTAD/FALPRO		9,000
- Other Experts		20,000
Expendable equipment (documentation, etc.)		<u>12,000</u>
TOTAL:-		<u>326,000</u>

(b) PHASED COSTS

	<u>First Phase</u>	<u>Second Phase</u>
Man-Months	36 months	12 months
	<u>US\$</u>	<u>US\$</u>
Trade Facilitation Adviser (TFA) 22 months + 12	110,000	60,000
Transport Experts on port/airport systems and TFA (6 mths.each) 14 mths.	70,000	-
Travel - Trade Facilitation Adviser	20,000	8,000
ECLA	10,000	7,000
UNCTAD/FALPRO	5,000	4,000
OTHER EXPERTS	20,000	-
Expendable equipment (documentation, etc.)	<u>8,000</u>	<u>4,000</u>
TOTAL:-	<u>243,000</u>	<u>83,000</u>

H. Preparation of Work Plan

29. A provisional Project Work Plan is attached in the form of a list of activities to be carried out (see Chart 1). Adjustments could be made in the light of progress made in individual countries, in agreement with UNCTAD/FALPRO and in consultation with ECLA.

30. Activities will be two-fold: At the national and at the regional levels. Overall co-ordination will be made by UNCTAD/FALPRO and ECLA. In the First Phase, the Trade Facilitation and Transport Experts will visit the region to work in close contact with national counterparts. This will result in the improvement of national procedures along accepted international standards. During the Second Phase, the Adviser(s) will be working more closely with the ECLA Office in Port of Spain where the programme of work will be linked to the Transport and Trade sectors' activities. The aim of this Phase is the implementation of a harmonized Caribbean transport system and the creation of a regional consultative mechanism for Trade Facilitation. This mechanism will comprise two types of activities: formal consultation and harmonization of procedures; and technical co-operation among participating institutions.

31. The first Phase will comprise several "sub-projects" to service the specific needs of the different countries. Five such "sub-projects" or sub-phases will be undertaken, each adapted to the particular needs of the countries to be serviced. Co-ordination of these would be done jointly by FALPRO and ECLA through the ECLA Port of Spain Office, to which the Experts will report directly. The sub-projects or sub-phases will cover:

- a) The Eastern Caribbean LDCs. Work in this subregion will be co-ordinated with the OECS Secretariat.
- b) The MDCs (Jamaica, Trinidad and Tobago and Barbados).

CHART 1

PROJECT: FACILITATION OF TRADE AND TRANSPORT

PHASE	DESCRIPTION OF ACTIVITIES AND LOCATION	PERSONNEL INVOLVED	TOTAL MAN-MONTHS
I	IMPROVEMENT OF TRADE PROCEDURES		<u>36</u>
Sub-Phases: (a)	Eastern Caribbean-OECS Countries, Activity 33.2 - 33.4, by the Regional Facilitation Adviser and the Transport Experts	1 RFA 2 TE	4 4
(b)	Guyana and Suriname, Activity 33.3 - 33.4 by RFA and TES	1 RFA 2 TE	4 2
(c)	MDC Islands - Jamaica, Barbados and Trinidad and Tobago Activity 33.3 - 33.4 by RFA and TES	1 RFA 2 TE	6 3
(d)	Non-English speaking Caribbean:		
	Netherlands Antilles	1 RFA	4
	Haiti	2 TE	2
	Cuba and Dominican Republic	1 RFA	1
	Activity 33.3 - 33.4 by RFA and TES	2 TE	1
(e)	Belize Activity 33.3 - 33.4 by RFA and TES	1 RFA 2 TE	3 2
II	HARMONIZATION AND FACILITATION OF TRADE AND TRANSPORT		<u>12</u>
	Activities 34.1, 34.2, and 34.5 in the ECLA (6 mths) Port of Spain Office with mission to CARICOM and OECS Activities 34.3 and 33.4 in the several countries (4 mths)	1 RFA	12

- c) The "Continental" Caribbean countries (Suriname and Guyana).
- d) The Non-English speaking Caribbean islands, with special emphasis on the internal problems of the Netherlands Antilles and Haiti and stressing the harmonization procedures for easier linkage between these countries, Cuba and the Dominican Republic and the rest of the Caribbean region.^{11/}
- e) Belize, considering the special situation of this country which must establish trade links both with the Caribbean (it is a member of CARICOM) and the rest of Central America due to its geographical situation.

32. Each of these sub-phases can be undertaken at the same time, in an intensive effort requiring five Experts working simultaneously in a co-ordinated way, having a precise time schedule to complete the required outputs, or alternatively, in an "extensive" approach, giving to each group its adequate time frame in order to permit the maturity of the project. In this second alternative, which is the favoured approach, one or two regional Facilitation Advisers would work in a sequential manner covering the five sub-groupings, before initiating the "regional" harmonization phase. The time estimated as the minimum necessary to carry out each phase and sub-phase appears in the chart.

33. The specific activities to be undertaken in the work plan are:

- i. Consultations with UNCTAD/FALPRO for initial briefing, review of recommendations at mid-project before presentation to relevant authorities, final de-briefing and reporting.

^{11/} Work in the French Antilles and Cayenne is deemed to be important, but specific actions in this group should be subject to available financing and negotiation with France.

- ii. On the basis of national guides to trading procedures - study foreign trade formalities and documents at national level; collect relevant laws and regulations in the field of exchange control, foreign trade control, revenue collection, statistics, port procedures, quality or sanitary control, etc.
 - iii. Study foreign trade procedures. Follow step-by-step what is done from the moment a ship/plane arrives at the port/airport to the moment goods are placed at the disposal of the importer after customs clearance, and from the moment goods leave the exporter's premises to the moment they are loaded onto the ship/plane. Collect all documents used. Review critically every data element shown on documents. Prepare a detailed flow chart.
 - iv. In consultation with the National Facilitation Committees determine which formalities could be abolished; which data elements could be dispensed with, on documents and which documents could be combined or suppressed; prepare recommendations for the simplification of procedures; prepare concrete proposals for structural amelioration or change in port/airport facilities to ease and accelerate the flow of goods at terminals.
34. The Second Phase has a more "regional" character:
- i. In consultation with the OECS and CARICOM Secretariats study the harmonization of Customs procedures and documents, and the introduction of modern Customs regimes on the basis of the Kyoto Convention.

- ii. Prepare harmonized national and regional external trade documents aligned to the United Nations layout key.
- iii. Assist National Facilitation Committees in the preparation of legal texts and regulations required for the actual implementation of simplified formalities, procedures and documents.
- iv. Assist National Facilitation Committees in drafting a brochure describing the new formalities, procedures and documents, intended for importers and exporters.
- v. Prepare appropriate recommendations concerning the harmonization of procedures and documents at CDCC level for adoption by the relevant subregional body.

The annexed chart shows a possible time-frame for the carrying out of the project in its several phases and sub-phases.

I. Preparation of the Framework for effective participation of national and international staff in the project

35. The activities necessary to produce the indicated outputs and achieve the project's immediate objectives will be carried out jointly by the national facilitation bodies, the advisers and the Officers in the ECLA Port of Spain Office. The respective tasks will be determined in each country by the Chairman of the Facilitation body and the Adviser during his first mission to the country and will be reviewed in the light of progress made. The respective roles of the national and international staff should be in accordance with the established concept and specific purposes of technical co-operation.

J. Institutional Framework

36. The Facilitation Adviser will report to the UNCTAD Special Programme on Trade Facilitation (FALPRO) and substantive backstopping for his services will be provided through FALPRO. The Advisers will work closely

with ECLA and will consult the CARICOM and OECS Secretariats on matters of direct interest to them.

K. Future Assistance

37. On the basis of the recommendations of the experts and the Facilitation Advisers, project proposals for assistance at the national level will emerge.

38. At the regional level the framework of regional trade facilitation will require assistance in its initial stages - especially in the area of technical co-operation amongst participants. A regional TCDC Project may be considered in this area.

