



MODERNIZATION OF CUSTOMS AND IMPLEMENTATION OF SINGLE WINDOW SYSTEMS FOR FOREIGN TRADE: RESULTS OF AN INTERNATIONAL SEMINAR-WORKSHOP

An international seminar-workshop entitled “Facilitation of trade and transport in Latin America: situation and outlook” was held at the headquarters of the Economic Commission for Latin America and the Caribbean (ECLAC) on 29 and 30 November 2005, organized jointly by the ECLAC Division of International Trade and Integration and the United Nations Conference on Trade and Development (UNCTAD). The event was attended by about 50 persons involved in customs modernization and/or the implementation of single window systems for foreign trade in 20 Ibero-American countries.

The main purpose of the seminar-workshop was to exchange ideas, opinions and proposals concerning the efficient implementation of trade facilitation instruments. The conclusions reached at this event point to the need to seek convergence among the existing trade agreements associated with trade facilitation in Latin America. Customs modernization requires the re-design of processes and procedures in order to achieve interoperability among the systems, and single window systems for foreign trade can only be implemented successfully if clear political leadership is established with broad participation from both public and private organizations.

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A Introduction

ECLAC, through its Division of International Trade and Integration, is providing technical cooperation for the project entitled “Interregional partnership for promoting trade as an engine of growth through knowledge management and information and communications technologies” of the United Nations Development Account. This project is focused on supporting trade facilitation via: (a) improved knowledge and understanding on the part of governments and enterprises in relation to trade facilitation and the role of information and communications technologies; (b) improving the use of these technologies by SMEs in trade facilitation; and (c) national capacity-building for negotiation in trade facilitation.

As part of this project, and with the cooperation of UNCTAD, the ECLAC Division of International Trade and Integration held a workshop on strategies for implementing trade facilitation in the Latin American and Caribbean countries entitled “Facilitation of trade and transport in Latin America: situation and outlook”. This event took place at the headquarters of ECLAC in Santiago, Chile, on 29 and 30 November 2005. This workshop was intended to:

- Provide an opportunity to become familiar with the trade facilitation instruments used by the Latin American countries;
- Define, on the basis of the different experiences, the instruments that are essential for the efficient implementation of facilitation measures, and in particular those most useful for Latin America;
- Explore forms of cooperation and dissemination of technologies that contribute to interoperability among the Latin American countries, and between these and the most advanced countries;

- Establish a network of facilitation experts that will promote an exchange of experiences, questions, solutions and other activities in favour of facilitation and the interoperability of systems, using the project's electronic forum for this purpose as a platform for debate, meetings and disseminating activities;
- Disseminate information on the use of instruments designed in the context of the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) as standardization tools, by implementing its recommendations; and
- Report on the progress made in negotiations on facilitation in the context of the World Trade Organization (WTO).

The meeting was attended by about 50 persons involved in customs modernization and/or the implementation of single window systems for foreign trade in 20 Ibero-American countries. As it was not an inter-Governmental forum, the participants attended in their personal capacities, which allowed a more fluid exchange of opinions.

The seminar was inaugurated by the Director of the ECLAC Division of International Trade and Integration, Mr. Osvaldo Rosales, who spoke on the subject of "Trade agreements and trade facilitation". The discussion was enriched by the presentations made by staff from the Division and from UNCTAD, an OECD consultant, a customs expert (who gave a general overview of customs in Latin America), and there was also a presentation on an example of private-sector participation in the generation of trade facilitation instruments, referring to the Chamber of Commerce in Santiago, Chile.

The seminar was divided into four main sessions: the first dealt with global aspects of trade facilitation and transport, and an evaluation of the current status of customs in Latin America; the second looked at customs modernization, with a presentation on the port of Barcelona and on the national cases of Honduras, Mexico and Peru; the third session considered examples of single window implementation in Bolivia, Chile, Colombia, Costa Rica, El Salvador and Dominican Republic. The fourth part was devoted to setting up two working groups on trade facilitation in Latin America and consideration of the main subjects to be considered by the discussion groups in

RECTIFAC,^[1] the electronic forum on facilitation (see <http://stnt01.eclac.cl/WBe/?Boardid=RECTIFAC>). ECLAC suggested to the participants that this forum be used for exchanging relevant experiences and information. The session also included a presentation on the dynamics of the forum and coordinators were designated from among the participants for the areas of customs and single window systems. It was agreed that the coordinators' task would be to propose subjects and guide the debate, although all participants could submit proposals for subjects or request comments and suggestions relating to the subjects under discussion.

B. Some conclusions reached at the Seminar

On trade facilitation

It became clear during the seminar that practically all of the countries represented had already established programmes for increasing the efficiency of foreign trade flow management, in relation to both goods flows and transport facilitation. Nevertheless, there does not seem to be any regional strategy behind these initiatives, as there are no clear coordination efforts in the integration systems. Moreover, the administration of the free trade agreements is hindered by the overlapping of commitments, as the customs have to take on new functions, in addition to those relating to trade security. This obliges the customs bodies to carry out inspection and control tasks while they are also required to have an active role in the facilitation process.

This lack of regional coordination also explains the absence of efforts to deal with asymmetries, in relation to the specific needs of both the less developed countries and the landlocked countries. It is therefore vital to include trade and transport facilitation in regional integration strategies, as the discussion at the multilateral level does not allow adequate treatment for specific regional factors, owing to the complexities of the issue, the scope of the international negotiations, and also the need for global applicability, which reduces the potential for extending their regional effectiveness.

It also became apparent at the meeting that progress is urgently needed in relation to the indicators for trade facilitation implementation in the different countries, as a way of promoting comparison with international standards and identifying the main areas in which technical assistance is required.

On trade agreements

The discussions at the seminar also came to the conclusion that convergence of the existing trade agreements in Latin America is urgently needed in areas relating to trade facilitation, such as:

- Harmonization and accumulation of rules of origin
- Customs procedures
- Standardization

- Certification and mutual recognition
- Sanitary and phytosanitary measures (SPS)
- A single mechanism for dispute settlement

Although any progress in this context would be external to the negotiations in WTO, it would mean going further than any potential agreements at the multilateral level, and would therefore be more useful in terms of achieving greater efficiency in trade agreements by avoiding excessive administration and implementation expenditure.

On logistics

One of the subjects highlighted at the meeting was logistics. The participants considered that logistics could no longer be separated from the production process, especially the production chain, as it had become a determinant of the competitiveness of enterprises. In addition, in view of the new security elements affecting the distribution chain, the basic facilitation principles relating to standardization, simplicity, transparency, predictability and efficient management should be applied to logistics.

On customs and the single window

It also became quite clear in the discussions that the main obstacle to the development of single window systems for foreign trade at the national level is the relationship between government agencies, and in particular the role to be played by customs in these systems. Successful implementation requires an inter-agency approach that goes beyond the simple inclusion of customs to establish links with other organizations and follow the model of State modernization.

It should be emphasized that the changes in production and globalized trade have resulted in pressures for customs reforms that range from greater emphasis on trade facilitation to stricter control (fiscal, trade, health and environmental) and security. These new functions and the simplification of customs declarations must not mean any weakening of the quality of the information collected by customs, which would be prejudicial to the risk analysis.

In this context, there is a need to re-engineer processes and procedures in order to achieve interoperability as an essential instrument of modernization. In fact, the redesigning of the processes and minimum consensuses that facilitate policymaking and implementation are essential conditions and must precede any successful attempt to establish a single window or a process of technological updating. It is therefore vital to establish clear political leadership with a broad partnership including both the relevant public agencies and business organizations. This public-private partnership has been very successful in some countries.

There has been no major effort in Latin America to establish the tools which are instrumental for confidence-building. Such tools include electronic signatures and incentives to reduce burdensome border procedures, such as the integration of border controls.

It is up to the countries that are more advanced in some specific areas to seek to involve the other Latin American countries in order to achieve a convergence of standards and instruments. The dissemination of these new tools is vital to the development of a regional facilitation environment that will offer easier access to more advanced markets on a more competitive basis.

Facilitation and international trade negotiations

Although multilateral negotiations were not a main focus of discussion at the seminar, there was emphasis of the need to move forward in establishing commitments at the regional level without waiting for progress at the multilateral level. Although in political terms it is more "natural" to see WTO as the appropriate forum for the main commitments, it is no less true that multilateral commitments tend to be general in nature and, on some occasions, do not meet the specific needs of countries.

An effective multilateral agreement on trade facilitation is the first step towards a broader programme for global trade facilitation. Such an agreement could, inter alia, provide a framework for dealing with horizontal trade issues and for ensuring the stability of domestic reforms when they are implemented. At the same time, there was emphasis of the importance of technical assistance to help countries move forward with the implementation of trade and transport facilitation instruments, with emphasis of the need for convergence between the extent of progress in facilitation and the applicability of the commitments.

C. Future tasks

For the participants

It is vital to support and extend all efforts of regional coordination in trade facilitation, to disseminate regional experiences with ICT in customs modernization and implementation of the single window system for foreign trade,

taking advantage of international technical assistance resources that are available for these tasks. The resources of the [RECTIFAC](#) electronic forum could, in these cases, assist with disseminating successful experiences in order to resolve common problems, in addition to enhancing communication and thus leading to a convergence of regional efforts.

For ECLAC

Based on Project D of the fourth stage of the Development Account, Latin American countries and those interested in the subject of trade and transport facilitation are offered an electronic forum for exchanging experiences which will also disseminate processes and technologies for the application of standards and the use of electronic documents for trade facilitation. In addition, as a result of the seminar, two discussion groups were created in the context of the RECTIFAC electronic forum, one devoted to single window issues and the other to customs modernization. It is expected that the following subjects will have a significant role in the discussion: standardization of trade documents, the use (and mutual recognition) of electronic documentation (eDocs), and electronic certification of the rules of origin.

[1] RECTIFAC is the Spanish acronym for the Network of Technological Expertise on Information applied to Trade Facilitation.