



FAX: (961-1) 981510 - TEL: (961-1) 981301, 981311, 981401
P. O. BOX 11-8575 - BEIRUT, LEBANON

THE ROLE OF ESCWA IN PROMOTING TRADE FACILITATION

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BY

NABIL SAFWAT

Chief, Transport and Trade Facilitation Team (TTF)

Mr. Chairman, distinguished participants

It gives me a great pleasure to address you today about the role of ESCWA in promoting trade facilitation.

ESCWA is one of the five United Nations Regional Economic Commissions. It comprises 13 Arab member States in Western Asia extending from Iraq and the Gulf countries in the east to Egypt in the west, Syria in the north and Oman and Yemen in the south.

One of the most important issues for regional cooperation and integration in Western Asia is the facilitation of trade and transport between ESCWA member countries. Intra-regional trade represents less than 10% of total international trade of ESCWA countries. This weak interaction is mainly due to the complexities of border formalities, administrative procedures, required documentation and unpredictable high costs and delays at border crossing points.

Facilitation of international trade and transport is a multifaceted approach that involves improvements in the infrastructure as well as the operation of the international transport, trade and administration systems.

In May 1999, a statement was issued by ESCWA member countries in which they agreed on the start of the development of the Integrated Transport System in the Arab Mashreq (ITSAM), and the adoption of the regional transport network including the major roads, railways, seaports and airports of international importance in the region. Efforts to develop the ITSAM have proceeded in three major tracks, namely the integrated regional transport network, the associated information system and the methodological framework for policy analysis.

Following extensive efforts since 1998, the ESCWA member countries adopted on 10 May 2001 the Agreement on International Roads in the Arab Mashreq (the "Roads Agreement"). As of today eleven out of the thirteen ESCWA members have signed the Roads Agreement and four have ratified it. The Roads Agreement is the first UN treaty to be negotiated within ESCWA, and therefore, represented according to the UN Secretary General Mr. Kofi Anan, a significant landmark in the history of the Commission. The Roads Agreement will enter into force 90 days after the ratification of five ESCWA members. This is expected to happen very soon.

More recently, on 14 April 2003 in Beirut, a similar Railways Agreement (i.e., the Agreement on International Railways in the Arab Mashreq) has been adopted by ESCWA member States during the 22nd session of the Commission. As of today 8 out of 13 countries have signed the Railways Agreement.

Efforts have been made by ESCWA to simplify and improve trade and transport procedures, since the late seventies, however, with limited success. Since 1998 the subject is being tackled again with renewed vigour. During 1998 and 1999 a major study and an expert group meeting on trade efficiency were conducted. These resulted in an action plan including the establishment of national facilitation committees. In the year 2000, a major field study on the facilitation of international freight transport procedures in the region was completed. The six-volume study contains a detailed review of trade procedures including a comparative analysis in five selected member countries, namely Egypt, Jordan, Lebanon, Syria and the United Arab Emirates. The study also proceeded to the identification of obstacles and causes. Eleven major recommendations were formulated to facilitate trade in the region, i.e., simplification of formalities, procedures and documentation; transparency; abolishing illegal practices; development of human resources; computerization and the application of Information and Communications Technologies (ICT); institutional, legal and administrative reforms; unification of goods valuation methods and tariff classification; adoption of non-stop working hours; the conclusion of new agreements and accession to existing ones; and the implementation of multimodal transport. Moreover, the study recognized the importance of setting up national facilitation committees as a first priority to ensure the effective implementation of these recommendations that were endorsed by the twenty-first session of ESCWA in May 2001.

Along such recommendations, ESCWA took further proactive steps during 2002 and 2003 to promote the creation of semi-permanent frameworks for government-private sector consultation and cooperation, with the view that this would speed up the implementation of facilitation measures in member countries and ensure that trade efficiency reforms will be client oriented. A guide for the establishment of National Transport and Trade Facilitation Committees (NTTFC) in the ESCWA region was published in Arabic. Pursuant to ESCWA recommendation and utilizing the NTTFC Guide, four members, Jordan, Palestine, Syria and Yemen have issued Cabinet decrees to establish NTTFCs. Egypt and Saudi Arabia have initiated positive steps in the same direction.

ESCWA is very much aware of the fact that national facilitation committees have been tried in several developing countries and transitional economies with various levels of success and that successful trade facilitation reforms require strong political will and long term commitment; a clear vision; adequate resources, both human and technical; and close cooperation between and among the private and public sectors. Therefore ESCWA is currently deploying considerable efforts for capacity building in the field of Facilitation both within relevant government agencies and important stakeholders in the private sector.

In this respect we are particularly pleased to be an integral part of two joint projects funded by the United Nations Development Account. The first is a USD 1.25 million five-year (2002-2006) project for capacity building in developing interregional land and land-sea transport linkages and is jointly implemented by the five UN regional commissions with ESCWA being the project coordinator. The second is a USD 600,000 two-year (2002-2003) project on capacity building in trade facilitation and electronic business in the Mediterranean, jointly implemented in cooperation with the United Nations Economic Commissions for Europe (ECE) and Africa (ECA). Under the second project, an interregional seminar was conducted on 29-31 January 2003 in Geneva. Parties

of the project agreed on the specific set of activities to be conducted and a tentative time table for their implementation. Of particular interest are the national trade and transport facilitation studies that will be conducted in five participating countries in the ESCWA region including Egypt, Jordan, Lebanon, Syria and Palestine. Except for Egypt studies in the other four countries, would be conducted by national consultants. In Egypt, because of additional resources expected to be made available by the Dutch Trust Fund through the World Bank, the study team would be composed of one Dutch consultant to be selected by the World Bank, a regional consultant to be selected by ESCWA in consultation with the Egyptian Government and a team of national experts to be designated by Government. All five studies will subsequently be discussed in national workshops respectively and a regional seminar with participation from the consultants as well as key stakeholders in order to learn from their collective experiences. The studies are expected to complement and update those conducted by ESCWA in 2000.

It is worth mentioning that several countries in the region are making significant efforts to enhance their respective trade, customs and transport systems. Some are in the process of enhancing their computerization and the application of information and communications technologies. A new customs law was adopted in Lebanon and began implementation on 23 April 2001. Another customs law is being prepared in Egypt. Additional ESCWA countries are expected to accede to existing facilitation Conventions. Activities to develop the Integrated Transport System in the Arab Mashreq (ITSAM) will be continued and enhanced.

As I have indicated in the first international trade facilitation forum last year, promoting the implementation of trade facilitation measures, standards, and recommendations must be done at the regional and sub-regional levels. The role of ESCWA and other sister UN regional commissions, is vital in promoting trade and transport facilitation in their respective regions. Hence, meaningful plans at the international and national levels should imperatively include a regional dimension and involve the regional commissions.

In conclusion, I would like to recommend that UNCEFACT and the Forum work together on making more resources available for capacity building activities in developing countries in the field of trade and transport facilitation. The five UN regional commissions could best work together in coordination with other actors to increase the opportunities and effectiveness of the realization of trade facilitation in developing countries and hence in the international trading system worldwide.

Finally may I thank the Trade Division of the Economic Commission for Europe for offering us the opportunity of sharing our experience in such an important forum.

Thank you for your kind attention.