Facilitating global trade and transport

Hall 2, Level +1

Thursday, May 28, 2015, 17:00 - 18:30

The panel explored issues related to trade and transport facilitation, what the role of trade agreements is, which non-physical barriers hinder most the development of trade and how to overcome them.

Trade and freight transport performance is a strong determinant of national economic competitiveness. The quality of the logistics sector (customs procedures, tracking and tracing services, overall infrastructure and logistics competence) is positively associated with increases in trade. Taken together, the quality of logistics impact trade more significantly, by several magnitudes, than do distance or freight costs. If border administration and transport and communications infrastructure everywhere was raised to the level of the current top performers, the World Bank estimates global GDP would increase of some 5%. This is six times more than the estimate for the impact of complete import tariff elimination worldwide.

Barriers to trade exist in several stages of the supply chain. Significant non-physical barriers, such as delays at ports and borders, inefficient customs procedures, redundancy of clearance procedures and absence of standard documents all have a negative impact on global trade.

Governments play an essential role in improving trade logistics and competitiveness. Cross-border connectivity may need investment but trade facilitation does not always require investment in hard infrastructure. Standardisation of procedures across the supply chains can reduce trade costs effectively. Efficient border management is critical for eliminating avoidable delays and enhancing predictability in border clearance.

Trade agreements are of course an important element of trade facilitation. In the case of Tunisia, for example, agreements with Europe have been essential to the development of the country’s economy and this has been acknowledged by policy makers who are willing to reinforce this partnership. However, trade agreements alone do not work. It is necessary that all stakeholders, both public and private, collaborate towards a greater efficiency of the supply chain. For example, Canada’s Gateways initiatives are founded on domestic partnerships, international engagement and the alignment of transportation policies, regulations, operations and investments with evolving global supply chains and trade opportunities. Collaboration is also needed to better understand trade flows and their future: if the private sector is responsible for the transportation of goods, infrastructure and regulation planning require public sector involvement.

In developing economies, border crossings are widely acknowledged as one of the biggest challenges for international trade and logistics. The World Customs Organisation is working
towards setting global standards for customs administrations to secure and facilitate global trade. As border crossings can involve as many as 32 different regulatory agencies (in Cambodia), it is also of uttermost importance to reinforce collaboration between the different agencies. To this end, the WCO promotes the concept of “one-stop-shop”; that is the possibility to process all border-crossing formalities through a single declaration and inspection. However, this has proved very difficult in many countries because it requires a single administration taking over the legal responsibility of other regulatory agencies; this can only happen at a very political level.

Political awareness on these issues has been rising, especially in Asia. However, many countries find it difficult to implement regulatory changes because of the lack of political continuity. Investment in infrastructure can only be carried out if long-term prospects can be clearly assessed and unrest or unstable government may frighten logistics suppliers and force them to reroute, increasing costs and delays. Tunisia, for instance, went down 43 places in the LPI ranking of the World Bank between 2010 and 2015. The Banks’s Logistics Performance Indicator measures the perception of foreign shippers to a country’s logistics services. Now that the situation in Tunisia is stabilised, a key element in the government’s plan to improve the country’s logistics sector is the careful monitoring of performance indicators across all modes. The necessity to assess logistics performance and to follow-up on indicators of inadequate service, whether the World Bank LPI or local technical indicators, was highlighted by the panel.

The panel also raised the issue of how best logistics data can be shared. Many governments are now sharing data publicly to foster innovation, in particular from small companies and start-ups without much capital. Sharing private data may foster further innovation and be beneficial overall, provided the commercial interests of private companies are protected. There was no consensus, however, as to how to engage private companies in data sharing and whether this should be required through regulation.

Data harmonization is a key priority. Logistics relies on a large number of IT systems which, for the most part, are incompatible. Harmonisation is proving difficult because the incompatibilities result from the use of many different small companies to deliver logistics solutions. The panelists highlighted the need of a basic standardised framework under which all logistics applications could be developed. However, the historical approach to the definition of standards, relying on the private sector to define their own norms, e.g. ISO, seems to have peaked, possibly because transport systems need different standards to answer the very diverse questions that arise, the same way containers come in several sizes despite best efforts for standardisation.

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Mahmoud Ben Romdhane has been the Tunisia’s Minister of Transport since February 2015. Previously, Ben Romdhane taught economics for 22 years. He has widely published on education, emigration, political science, democracy, and the public sector.

Louis Lévesque was appointed Deputy Minister of Transport, Infrastructure and Communities in 2012. Previously, Lévesque was Deputy Minister of International Trade from 2008 to 2012, and was named as Canada’s G-20 Sherpa by the Prime Minister in 2010. He was Deputy Minister of Intergovernmental Affairs in the Privy Council Office from 2006 to 2008. From 2004 to 2006, he served as Associate Deputy Minister with Finance Canada, having served as Assistant Deputy Minister in the Federal-Provincial Relations and Social Policy Branch from 2002 to 2004.

Klaus Tilmes was appointed the Global Practice Director for the Trade and Competitiveness Practice of the World Bank Group, in 2014. Tilmes is responsible for such global themes as trade, business, climate, competitive industries and investment, climate for industry, innovation, technology and entrepreneurship. Prior to his current position, he was the Director of the Financial and Private Sector Development (FPD) Network from 2010 to 2014. He also served as Acting Vice President for the FPD Network from 2013 to 2014. In those roles, he championed the improvement of knowledge flows and connectivity, putting them at the core of FPD’s service to clients. Tilmes joined the World Bank in 1991 as an Economist in the Africa region.
Before joining the World Customs Organization (WCO) in 2011 as the Director of Compliance and Facilitation, Gaozhang Zhu occupied the post of Director General of the Department of International Cooperation at China Customs. From 1996 to 2000, he was the Customs Counsellor at the Permanent Mission of China to the European Union with responsibility for all Customs issues related to the WCO and the European Communities including the Commission. Zhu holds a Master's Degree in Public Administration from Qinghua University, China.

Since 2010 Theo Zwygers has been Supply Chain Director at Lyondellbasell, a world leader in plastics, chemicals and refining with 55 manufacturing sites worldwide. During his career, Zwygers has worked in business development and commercial roles, has built plants in Asia, and has been responsible for supply chains in Asia, the Middle East, and the Americas.