



GUIDELINES ON ESTABLISHING AND STRENGTHENING NATIONAL COORDINATION MECHANISMS FOR TRADE AND TRANSPORT FACILITATION IN THE ESCAP REGION



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CONTENTS

	<i>Page</i>
FOREWORD.....	1
EXECUTIVE SUMMARY	3
I. INTRODUCTION	7
II. TYPES OF NATIONAL COORDINATION MECHANISMS FOR TRADE AND TRANSPORT FACILITATION	11
A. Types of national coordination mechanisms.....	11
B. Characteristics of the national facilitation coordination mechanisms	15
III. BASIS FOR ESTABLISHING NATIONAL COORDINATION INSTITUTIONS	17
A. Establishment under subregional trade or transport agreements.....	17
B. Institutions established to meet national requirements	19
C. Legal basis for national coordination institutions.....	20
IV. FUNCTIONS AND ACTIVITIES OF NATIONAL COORDINATION INSTITUTIONS.....	23
A. Functions	23
B. Work plans, programmes and activities.....	26
C. Individual and collective responsibilities of members	28
V. ORGANIZATIONAL STRUCTURES AND MEMBERSHIP OF NATIONAL COORDINATION INSTITUTIONS.....	29
A. Organizational structures	29
B. Office/secretariat	32
C. Membership.....	33
VI. SUSTAINABILITY OF NATIONAL COORDINATION INSTITUTIONS	35
A. Financial support	35
B. Operational success.....	37
VII. ESTABLISHMENT AND STRENGTHENING OF COORDINATION MECHANISMS AT THE BORDERS CROSSINGS	41
A. Border delays are major hindrance to smooth movement of goods, people and vehicles	41
B. Coordination among agencies is needed at the Borders.....	42
C. Two Pillars of Coordinated Border Management.....	42
D. Decision on the approach for coordination at the borders.....	44
REFERENCES.....	47
ANNEX: CASE STUDIES	49
A. Case study 1: Pakistan NTTFC	49
B. Case study 2: NTC of the Lao People’s Democratic Republic	51

LIST OF BOXES

	<i>Page</i>
Box 1: PRO Committees.....	12
Box 2: Cambodia’s initiatives to setup multiple coordination mechanisms for trade and transport facilitation.....	14
Box 3: Case of establishing National Electronic Trade Committee in Republic of Korea.....	21
Box 4: Terms of Reference of the Malaysian National Transit and Transport Coordinating Committee.....	26
Box 5: Suggested work plan.....	27
Box 6: Suggested work programme.....	28
Box 7: Pakistan’s NTTFC- use of private sector funding.....	37

LIST OF FIGURES

	<i>Page</i>
Figure 1: Organizational structure for joint national trade and transport facilitation coordination mechanism.....	30
Figure 2: Organizational structure for separate national trade and transport facilitation coordination mechanism.....	31
Figure 3: Virtuous cycle for national coordination institution.....	38

LIST OF TABLES

	<i>Page</i>
Table 1: Types of national coordination mechanisms.....	11
Table 2: Typical membership of coordination institutions.....	34

ABBREVIATIONS

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
ATIGA	ASEAN Trade in Goods Agreement
CAREC	Central Asia Regional Economic Cooperation
ECO	Economic Cooperation Organization
EDF	Export Development Fund
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
GATT	General Agreement on Trade and Tariffs
GMS CBTA	Greater Mekong Subregion Cross-Border Transport Agreement
IBM	Integrated border management
ICT	Information and Communication technology
IT	Information technology
MOU	Memorandum of Understanding
NGTF	Negotiating Group on Trade Facilitation
NTC	National Transport Committee
NTFC	National Transport Facilitation Committee
NTTCC	National Transit Transport Coordinating Committee
NTTFC	National Trade and Transport Facilitation Committee
RJC	Regional Joint Transport and Trade Facilitation Committee
SCO	Shanghai Cooperation Organization
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
UNESCWA	United Nations Economic and Social Commission for West Asia

FOREWORD

International trade and transport procedures have become increasingly complex with numerous agencies involved, each having a justifiable role with regard to goods, people and vehicles crossing the borders. Separate interventions by different agencies result in duplication of inspections, lengthy documentation and cumbersome procedures. They lead to delays in trading and transport process and increase in trade and transportation costs; ultimately raising the price of traded goods.

There is, therefore, a need for a mechanism where different agencies and ministries involved in international trade and transport can come together and coordinate their actions. National coordination institutions can provide a permanent framework within which agencies and other stakeholders can come together to find optimal solutions to balance control and facilitation of trade and transport. Many countries in the region are aware of the need for inter-agency coordination mechanisms, but they are confronted with the challenge of properly institutionalizing them.

The Ministerial Conference on Transport held in Busan, the Republic of Korea in 2006 recognized the importance of collaboration between all stakeholders involved in international transport from the public and private sectors for transport facilitation and endorsed the inclusion of the guidelines on establishing or strengthening national facilitation coordination mechanisms into the Regional Action Programme for Transport Development in Asia and the Pacific phase I 2007-2011. More recently, the ESCAP Committee on Trade and Investment at its second session held in Bangkok in July 2011 also supported the need to establish or strengthen national institutional mechanisms for addressing trade facilitation issues. During the 67th session of ESCAP held in Bangkok in May 2011, the Commission observed that non-physical barriers continue to hinder intra-regional trade and requested the secretariat to take tangible measures to address the issues.

In 2007, the secretariat published a Study on National Coordination Mechanisms for Trade and Transport Facilitation in the UNESCAP Region and the present publication complements that study. It intends to assist countries in addressing the non-physical barriers in international trade and transport in a sustainable way through establishing or strengthening of national facilitation mechanisms. The publication lays down broad principles, salient aspects and main requirements for such mechanisms to be successful. It is a joint work of Transport Division and Trade and Investment Division of ESCAP.

It is our hope that these guidelines, along with other United Nations publications on national coordination and cooperation for trade and transport facilitation, will provide countries with a practical guidance in designing and operating national coordination institutions based on their institutional environment and trade and transport facilitation priorities. This will help develop a secure, smooth and efficient trade and transport system in the region.



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EXECUTIVE SUMMARY

Over past few decades the complexity and dynamic nature of international trade and transport have led to increase in the number of agencies involved in it. Each government agency has a specific mandate with respect to the goods, vehicles and people crossing borders. The lack of cooperation and coordination among the agencies is one of the main reasons for intractable nature of the non-physical barriers. It leads to delays at border crossings with attendant increase in the travel time and associated costs, making the goods uncompetitive.

Non-physical barriers are diverse and not amenable to tailor made solutions. The issues involved in these barriers are spread over different government ministries and numerous agencies, and therefore coordination among them is crucial to address impediments. Numerous studies have revealed that transportation delays in general and border delays in particular add significantly to the cost of goods and reduction in border transaction costs can increase trade. Reducing border delays, while instituting the legitimate control requirements of various agencies is challenging, but doable, provided necessary framework is put in place. Inter-agency coordination mechanism, such as a national facilitation committee, can provide the needed framework where diverse requirements of different agencies and business sector can be reconciled.

Member countries in the region are aware of the need to establish national coordination mechanisms as a means to address trade and transport facilitation issues. In this context different practices are in vogue but, a coherent and consistent approach to establish or strengthen these coordination mechanisms to address non-physical barriers is missing.

This publication is an attempt to fill that gap and provides broad principles in this regard. It lays down the salient aspects of a possibly successful coordination mechanism. The features discussed relate to the forms, structures, basis, membership, functions and work programmes of these institutions. It also emphasizes on issues related to sustainability of these mechanisms and a need for a coordinated approach at border crossings. These Guidelines may be viewed as a basis and a supporting document to establish coordination mechanisms where they do not exist and strengthen them where they are already in place but dysfunctional.

This publication is structured as follows:

Chapter I Introduction: This introductory chapter provides background for the evolution of facilitation mechanisms and efforts made by international organizations to institutionalize them. It emphasizes that inter-agency coordination is vital to address the challenging trade and transport facilitation issues and therefore guidelines are needed to establish coordination mechanisms with primary focus on inter-agency coordination.

Chapter II Types of national coordination mechanisms: This chapter explains different types of coordination mechanisms and emphasizes on establishing permanent coordination institutions as they are an effective type of coordination mechanism to deal with trade and transport facilitation issues. It explains that coordination institutions have primarily advisory and coordination role and the regulatory role is discharged by appropriate line ministry or agency.

Chapter III Basis for establishing national coordination institutions: This chapter details with the basis for establishing coordination institutions: subregional trade/transport agreements and domestic requirements. It suggests that to be effective the national coordination institutions should have an appropriate legal basis.

Chapter IV Functions of national coordination institutions: This chapter details the functions of the coordination institutions and underlines the need to have clearly defined work programmes. Some of the important functions these institutions need to perform are: to provide a platform for inter-ministerial and inter-agency coordination, and a forum for consultation between government institutions and business community; and to initiate studies on changes in the international trading environment and the latest trends for adoption in trade and transport facilitation programmes. In turn these broader functions have to be distilled into carefully planned work programmes and activities.

Chapter V Organizational structures and membership of national coordination institutions: The chapter explains structures and membership of coordination institutions. It suggests two structures for these institutions that may be considered depending upon the institutional environment in a country. Apart from the main body, these institutions may have working groups to address trade and transport issues and a secretariat to support its work. In addition, these institutions may have a broad representation from both government and business community so as to comprehensively address the facilitation issues.

Chapter VI Sustainability of national coordination institutions: Sustainability of coordination institutions has primarily two dimensions, financial and operational. Funds are required for setting up these institutions, for running the office and for undertaking activities. Both public and business sectors may be involved in the funding. For operational sustainability these institutions may take up fewer but substantive activities that can make real difference to trade and transport facilitation environment. This will create a virtuous cycle for a coordination institution where good impact of their work leads to more demand for their work, making them financially and operationally sustainable.

Chapter VII Establishment or strengthening of coordination mechanisms at the border crossings: The chapter deals with cooperation among the border agencies and suggests that this ought to be an important area of work for coordination institutions. For this purpose they can plan their work at policy level as well as operational level. At policy level they can suggest different approaches for coordinated border management to governments and at the operational level they can help to implement and monitor the selected approach.

The Annex to the publication describes two case studies of the existing national coordination institutions, firstly national trade and transport facilitation committee of Pakistan, and secondly national transport committee of the Lao's People Democratic Republic. These case studies provide a glimpse of how two very different coordination institutions have been working efficiently to improve trade and transportation environment in these countries.

Detailed list of resources consulted in preparation of this publication and for future studies are provided under references

I. INTRODUCTION

Trade and transport facilitation is interpreted, in its broad sense, as simplification and harmonization of procedures and documentation for international trade and transport. It creates an enabling business environment, reduces overall cost of international trade and transport through the alignment of national practices to the best international practices. The multi-lateral trade rounds sponsored by the World Trade Organization (WTO) have reduced tariff barriers substantially. However, the gains of reduction in tariffs can be nullified by ever increasing non-tariff barriers to international trade and transport. Among the important non-tariff barriers that constitute a major impediment to the global trade are the high transaction costs due to cumbersome documentation and opaque regulations. Moreover, traded goods are often not delivered efficiently due to existence of large number of non-physical barriers in international transport such as border delays. Therefore, there is an emerging focus on trade and transport facilitation issues as a counter-measure to minimize the barriers and reduce costs.

Increasing importance of trade and transport facilitation has led to a search for integrated ways to implement facilitation measures. Among them, national trade/transport facilitation committees have received a particular attention. Because international trade and transport involve numerous government ministries, agencies, authorities and business entities, the trade and transport facilitation measures need to be developed and implemented in a way to reconcile their diverse requirements. Efficient and effective coordination, in the form of institutional arrangements, such as facilitation committees, can play a crucial role in optimizing the control measures required and in facilitating international trade and transport. Such arrangements can provide a platform to bring stakeholders together, enable them to reach a consensus on common goals and lead them to take collective actions, resulting in an improved chance for successful formulation and implementation of trade and transport facilitation measures.¹

The important role of national facilitation committees was recognized way back in 1965 at the adoption of the Convention on Facilitation of International Maritime Traffic (FAL) through a resolution². The resolution invited Contracting Governments to create national and regional committees in order to encourage the recommendation of facilitation measures, their adoption and implementation. The recommendation was introduced into the

¹ ADB/ESCAP, 2009. *Designing and Implementing Trade Facilitation in Asia and the Pacific* (Manila, ADB).

² Resolution 3 on Creation of National and Regional Committees, adopted at the International Conference on Facilitation of Maritime Travel and Transport in 1965.

FAL Convention as recommended practices in its Annex. At the beginning of 1970s, many national trade facilitation committees were setup as a means of consultation between government departments and private stakeholders to provide coherence in policy formulation through coordination and cooperation. In 1974, the United Nations Economic Commission for Europe (UNECE) issued Recommendation No. 4 recommending countries to set up national trade facilitation committees.

Further, in recognition of the need for institutional coordination mechanisms as a means to address facilitation issues, the Almaty Programme of Action³ recommended that landlocked and transit developing countries to consider establishing and/or strengthening existing national trade and transport boards or committees involving all major stakeholders, including the private sector. The Ministerial Conference on Transport held in Busan, the Republic of Korea, on 6 - 11 November 2006 also recognized the importance of collaboration between all stakeholders involved in international transport from the public and private sectors for transport facilitation and endorsed the inclusion of the guidelines on establishing or strengthening national facilitation coordinating mechanisms into the Regional Action Programme for Transport Development in Asia and the Pacific, phase I 2007-2011. More recently, ESCAP Committee on Trade and Investment at its second session held in Bangkok in July 2011 also recognized the need to establish or strengthen national institutional mechanisms for addressing trade facilitation issues.

A number of countries in Asia and the Pacific region have established national trade and/or transport committees. Many of these bodies faced challenges in sustaining their activities due to funding constraints and lack of operational capability; they were either dismantled or went into oblivion. However, with a renewed emphasis on international land transport as a means to increase intra-regional trade and a high level of coordination and collaboration needed among various agencies to facilitate trade and transport, the need for such institutions has become compelling. To reap benefits from the collaborative facilitation approach, countries in the region need to establish or strengthen national coordination mechanisms for facilitation of international trade and transport.

Since coordination and cooperation are vital to address the challenges confronted in the trade and transport facilitation, the secretariat of the Economic and Social Commission for Asia and the Pacific (ESCAP) has prepared this guide taking into consideration the

³ Paragraph 37 (f), Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries, adopted at the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation held at Almaty, Kazakhstan, on 28 and 29 August 2003.

experience of existing national trade and transport committees to support the efforts of governments and other organizations in this regard.

A number of the United Nations agencies have published studies and guidelines⁴ on national trade/transport facilitation committees and the present guidelines intend to complement them. However, the focus of this publication is on inter-agency coordination institutions with participation of the business sector. As inter-agency coordination is imperative to address the challenging trade and transport facilitation issues in the region, the main purpose of these guidelines is to help countries of the ESCAP region establish national coordination institutions for trade and transport facilitation in the countries where such institutions do not exist and to reinforce them where they exist. The guidelines aim to propose common baseline/ requirements for an effective and efficient coordination institution which can be adapted and used depending on the national requirements.

This publication has been prepared as a part of the inter-Divisional collaboration between the Transport Division (TD) and the Trade and Investment Division (TID) of ESCAP. It complements and is based on the Study on National Coordination Mechanisms for Trade and Transport Facilitation in the UNESCAP Region published in 2007 and the study on trade and transport facilitation – guide to institution building in 2010 (unpublished).

⁴ They include UNECE's "Creating an efficient environment for trade and transport: Guidelines to Recommendation No. 4 National Trade Facilitation Bodies," UNCTAD's "Trade Facilitation Handbook Part I National Facilitation Bodies: Lessons from Experience" and UNESCWA's "Guidelines for Establishment of National Trade and Transport Facilitation Committees".

II. TYPES OF NATIONAL COORDINATION MECHANISMS FOR TRADE AND TRANSPORT FACILITATION

A. Types of national coordination mechanisms

Coordination among various agencies for trade and transport facilitation can take different approaches. However, they can be broadly categorized into three main types as shown in Table 1.

Table 1: Types of national coordination mechanisms

Types	Examples
1. Permanent coordination institution	• National trade facilitation committee
	• National transport facilitation committee
	• National trade and transport facilitation committee
2. Temporary coordination	• Coordination body for specific programme
	• Coordination body for specific project
3. Case-based coordination approach	• Coordination of specific initiative through meetings
	• Coordination of specific initiative through official communications

1. Permanent coordination institution

Permanent trade and/or transport facilitation institutions are formal institutions and may be set up as a part of the commitment under the subregional trade and/or transport agreement. An example of this type of institution is the National Transit and Transport Coordinating Committee (NTTCC) that has been set up in Cambodia, Malaysia, Thailand and Viet Nam under the Association of Southeast Asian Nations (ASEAN) Framework Agreement on Facilitation of Goods in Transit. Permanent institutions may also be established to meet domestic requirement for collaboration among agencies in conceiving and implementing trade and transport facilitation measures. In countries of the ESCAP region different institutions for trade and/or transport facilitation were set up, some exclusively for transport facilitation, some for trade facilitation and others for both trade and transport facilitation.

In South Asia, Nepal set up the National Trade and Transport Facilitation Committee (NTTFC) and so did Pakistan. In South East Asia, the Lao People's Democratic Republic established a National Transport Committee (NTC) to deal primarily with the transport facilitation issues and a National Trade Facilitation Committee for trade facilitation initiatives. Mongolia set up a National Transport Facilitation Committee in 2003. A Trade Facilitation Committee, named MONPRO, was set up in 2005 as a public-private endeavor and in 2006 on recommendation by the ESCAP secretariat, a joint National Committee for Trade and Transport Facilitation was established to deal with trade and transport facilitation issues in an integrated manner.

Another permanent institution worth mentioning is the PRO Committee (Box 1), although its focus is more on public-private partnership than on inter-agency coordination. Some countries in the ESCAP region also setup PRO Committees in line with the Recommendation No.4 of United Nations Centre for Trade Facilitation and Electronic Business (UN CEFAC). However, they had challenges in sustaining themselves due to numerous institutional difficulties. Nonetheless, where functional, these committees may complement the role of coordination mechanisms.

Box 1: PRO committees

The earliest approach to provide guidance on institutionalizing trade and transport facilitation at the national level was undertaken by the United Nations Economic Commission for Europe (UNECE) Working Party on Facilitation of International Trade Procedures in 1974, when it adopted Recommendation No. 4 on establishing national trade facilitation committees. The Recommendation No. 4, subsequently adopted by UN/CEFACT, urges upon the governments “to establish and support national trade facilitation bodies with balanced private and public sector participation” in order to address the multi-faceted facilitation issues. Recommendation No. 4 was the starting point for creation of a number of so-called PRO Committees in Europe.

The basic objective of setting up of PRO committees was to simplify, standardize and harmonize the international trade procedures, therefore called PRO (for PROcedures) committees. Though it mentions the need for coordination among stakeholders, it does in a limited way.

Many PRO committees were set up since the issuance of the guidelines. However, as to date, only 29 of them mostly in the European Countries are functional. In the ESCAP region, PRO Committees were set up in Armenia (National Trade and Transport Facilitation Committee of Armenia), Azerbaijan (National Trade and Transport Facilitation Committee of Azerbaijan), and Georgia (Georgian National Committee for the Facilitation of Procedures and Practices in Administration of Commerce and Transport).

2. Temporary coordination mechanism

Second approach to coordination is to set up temporary mechanisms for specific projects or programmes. The renewed emphasis on facilitation of international trade and transport in the region as a means to spur intra- and inter-regional trade has led to emergence of large number of projects and programmes. The implementation of such projects or programmes involves different ministries and agencies. To be effective, all these projects or programmes need a high degree of inter-agency coordination. In such cases, government agencies usually set up a temporary or an ad hoc type of coordination and cooperation mechanism among themselves.

Many countries in the ESCAP region, depending on the need for cooperation and coordination on specific projects or programmes, have been taking steps by setting up special task forces, working groups or units to coordinate the implementation of projects or programmes. Very often, business sector is also invited to participate in the process to address a particular aspect of task. This includes projects for development of national Single Windows, modernization of border crossings, studies on simplification and harmonization of export formalities and formulation of national or international transit policies. Examples of such coordination mechanisms include the Working Group on Implementation of Almaty Programme of Action in Kyrgyzstan, the National Single Window Task Force for Cargo Clearance in the Philippines and the Special Inter-ministerial Task Force for Investment Climate Improvement and Trade Facilitation in Cambodia. Normally, once the programme or project is completed, the temporary coordination mechanism is disbanded.

3. Case-based coordination approach

Another way for coordination among agencies is on case to case basis. A particular measure, a particular regulation or an agreement relating to trade and/or transport facilitation initiated by one government agency often has an impact on the work of other related agencies and business sector. For example, a new Customs regulation on import clearance may affect the regulations for trade and transport, and require new procedures for traders. Any new agreement on transport between countries needs support from Customs, as the Customs authorities may have to change the control measures and the degree of supervision needed.

Opening a border crossing for transport needs consent by a range of government agencies and new operations of a number of agencies at the border crossing. In such cases, government agencies need to meet to communicate and exchange views. Case based coordination mechanism is often used by government agencies as an important means to reach consensus on particular facilitation issue.

In some cases, a country set up multiple types of coordination mechanisms for trade and/or transport facilitation as in the case of Cambodia as described in Box 2.

Box 2: Cambodia's initiatives to setup multiple coordination mechanisms for trade and transport facilitation

The Government of Cambodia received a USD 10 million from the World Bank for the Trade Facilitation and Competitiveness project. To implement the reform initiatives it has established a Special Inter-ministerial Task Force for Investment Climate Improvement and Trade Facilitation, the Steering Committee on Private Sector Development and three sub-steering committees:

- (i) Sub-Steering Committee on the Investment Climate, chaired by Minister of Economy and Finance;
- (ii) Sub-Steering Committee on Trade Facilitation, chaired by Minister of Commerce; and
- (iii) Sub-Steering Committee on Small and Medium Sector Enterprise, chaired by Minister of Industry, Mines and Energy.

A National Committee on Transport Facilitation, chaired by Minister of Public Works and Transport and a Reform Team on Trade Facilitation were also established.

The Government of Cambodia also established a Government-Private Sector Forum as a consultation mechanism to facilitate trade and improve investment climate. The Forum is headed by Prime Minister and meets biannually. It has formed eight sector based working groups each headed by a Minister and a representative from the private sector.

Source: N. Sophorndara, Trade and Transport Facilitation in Cambodia, http://www.unescap.org/tid/publication/tipub2543_nop.pdf. Accessed 31 January 2012.

A permanent coordination institution is the most stable form of mechanism since it is established with clear long-term mandate and organizational structure. It can be used for coordination of a broad and specific facilitation initiatives and measures in accordance with its terms of reference.

On the other hand, temporary and case-based coordination mechanisms may use a permanent coordination institution as a platform to coordinate a specific initiative. Further, if necessary, the temporary and case-based coordination mechanisms may eventually develop into a permanent body to deal with other similar issues on a recurring basis.

This main focus of this publication is on various aspects of permanent coordination institutions.

B. Characteristics of the national facilitation coordination mechanisms

Trade and transport facilitation involves numerous government ministries and agencies that have a specific regulatory role to discharge. The objective of the coordination mechanisms is to bring disjointed stakeholders together with common purpose of facilitating trade and transport. The mechanism provides a platform to discuss and suggest appropriate course of action to the line ministries and agencies. They provide a forum for government agencies and the business sector to build consensus on broad and specific facilitation measures for collective and individual actions. In some cases the line ministries may delegate some of their responsibilities to these institutions. For example in the case of Cambodia, the coordination mechanism is empowered to issue transport permits by the Ministry of Public Works and Transport. It is, however, important to underscore, that national coordination mechanism plays, primarily a coordination and an advisory role.

These mechanisms are normally a government sponsored inter-agency body to discuss facilitation issues. The representatives from shippers, freight forwarders, banks, insurance companies, transport operators and other relevant stakeholders are generally part of these mechanisms and participate in the deliberations. Being the actual users of facilitation measures, the business stakeholders have a deep interest in the decision making process and can play an important role in the governmental consultation and coordination process and therefore should be associated in the coordination mechanisms.

III. BASIS FOR ESTABLISHING NATIONAL COORDINATION INSTITUTIONS

The national coordination institutions are set up under various circumstances. In some countries they are established in response to the commitments made by the countries under the subregional trade or transport agreements. These institutions are also set up to meet domestic requirements for coordination of various tasks or projects that need inter-agency coordination. In either case, it is desirable to have an appropriate mandate in the form of a legal basis for these institutions to be effective and sustainable over time. Experience has shown that without an appropriate legal basis, these institutions may have a difficulty in sustaining themselves for a long period of time.

A. Establishment under subregional trade or transport agreements

The subregional trade or transport agreements have provided necessary basis for establishing such institutions in many countries in South East Asia. Three such agreements and their relevant provisions are discussed below:

The main objective of the ASEAN Framework Agreement on Facilitation of Goods in Transit⁵ is to “establish an effective, efficient, integrated and harmonized transit transport system in ASEAN region”. As per Article 29 of the Agreement on ‘Institutional Arrangements,’ the Contracting Parties are required to set up a National Transit Transport Coordinating Committee (NTTCC) for effective and efficient coordination and implementation of various provisions of the Agreement.

The second agreement is the Agreement on Facilitation of Cross-Border Transport of Goods and People in the Greater Mekong Subregion (GMS CBTA)⁶. The main objective of this Agreement is to facilitate cross-border transport of goods and people and to promote multi-modal transport. Article 28 of the Agreement regarding National Transport Facilitation Committees (NTFC) enjoins the parties to the Agreement to set up a NTFC under chairmanship of Minister or Vice- Minister to bring together representatives of all parties concerned with the implementation of the Agreement.

⁵ The text of the agreement is available at: <http://www.asean.org/8872.htm>

⁶ The complete agreement is available at: http://www.adb.org/Documents/Others/GMS-Agreement/gms_final_agreement.pdf

Another agreement is the ASEAN Trade in Goods Agreement (ATIGA) that entered into force in 2010. It has its objective to “achieve free flow of goods in ASEAN as one of the principal means to establish a single market and production base for the deeper economic integration of the region”. Article 50 of the Agreement under the Trade Facilitation chapter provides for establishment of a Trade Facilitation Coordinating Committee or relevant focal point at the national level.

The implementation of these agreements involves substantial inter-agency coordination. For example Article 4(a) of the GMS CBTA provides for single window and single stop inspections at border crossings to simplify and expedite border crossing formalities. Such inspections need a considerable cooperation among various agencies behind the border and across the border. The national coordination institutions can provide an appropriate framework to address the control requirements of each agency and ensure facilitation of goods and people crossing the borders.

Provisions on establishment of the coordination institutions as a part of the subregional transport agreements provide the countries with a sound basis to establish such institutions. It may, however, be ensured that there is no duplication in establishing such institutions due to the fact that the countries are signatories to several agreements. As it is evident from the foregoing, the ASEAN agreement calls for setting up of an NTTCC, while the GMS CBTA calls for setting up of an NTFC. In such case, it would be desirable to have only one coordination institution with broad mandate to cover issues under both agreements and also to cover other facilitation issues. Such an arrangement can prevent potential conflicts or duplication of efforts in the implementation of the agreements and other facilitation measures.

It may be useful to underscore that, if the coordination institutions are established and work in tandem with other similar institutions in adjacent countries under subregional trade and/or transport agreements or any other framework, the impact of the activities of the coordination institution can have a synergistic effect on trade and transport facilitation environment in the country. Such an arrangement can be particularly important for landlocked countries. Without close cooperation of neighboring transit countries, trade and transport facilitation efforts of landlocked countries will have a limited impact. The importance of having subregional coordination in the trade and transport facilitation is recognized by countries, and most of the subregional agreements contain provisions to institutionalize subregional coordination. There are a number of advantages that can accrue with subregional coordination arrangements. Some of them are networking, performance

monitoring, information sharing and synchronizing activities in the implementation of trade and transport facilitation programmes.

B. Institutions established to meet national requirements

To take advantage of emerging global markets, countries are initiating various trade and transport facilitation measures. These initiatives are driven either by governments, or by the business sector in the case of a demand for particular facilitation measure. A number of countries in the ESCAP region have implemented or are in the process of implementing the Single Windows⁷ to improve their trade competitiveness. One of critical tasks for successful implementation of a Single Window is coordination among various government agencies and business sector stakeholders in harmonizing relevant trade processes and documents. For effective coordination needed in the implementation of the Single Windows, many governments have established inter-agency coordination bodies. The countries that established inter-agency coordination bodies for this purpose include Indonesia, Mongolia, the Republic of Korea, Thailand and Viet Nam⁸.

Similarly, several countries in the region have done or are in the process of automating the Customs clearances. Automation of the Customs clearances needs to incorporate concerns of other government agencies and involves a high degree of coordination among various ministries such as finance for revenue collection, commerce for licensing issues, agriculture for plant quarantine and standards related issues. It also requires coordination with banks, Customs clearing agents, shipping lines and port authorities. To achieve the required coordination and to address the concern of each stakeholder while automating Customs clearances, an institution may be constituted with representation from the relevant stake holders.

Twelve countries in the ESCAP region are landlocked, and therefore need transit transport arrangements with their neighboring transit countries to facilitate movement of goods. To meet such national requirements, some landlocked countries have set up transit coordination bodies with cross ministerial representation to oversee matters relating to transit transport.

⁷ Single Window is a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. If information is electronic, then individual data should only be submitted once. UN/CEFACT 2005.

⁸ UNNExT Brief No. 07: Towards a Single Window Trading Environment – Achieving Effective Stakeholder Coordination, available <http://www.unescap.org/unnext/pub/brief7.pdf>

C. Legal basis for national coordination institutions

Trade and transport facilitation initiatives may result in redistribution or even loss of authority of some agencies over certain processes, causing conflict of interests and leading to efforts to block the implementation of such initiatives. Having an appropriate legal backing can prevent blockage of the implementation of reform measures by the vested interests. Moreover, presence of strong political will as manifested by instituting legal basis for the coordination institution gives a clear signal to the stakeholders within and outside the country about the commitment given to the trade and transport facilitation efforts and in this regard ensures continuity of efforts. A legal basis for the national coordination institution can increase its effectiveness and sustainability.

The legal basis for the coordination institutions can be by way of President's or Prime Minister's decree or a government resolution. Provisions for establishment of such institutions can also be contained in the appropriate legislation. In addition, it is desirable to have the mandate in the form of a written document specifying salient features of the coordination institution. The composition of members (public sector and business sector), the representation level and the terms of reference may also be detailed therein. The terms of reference may indicate the scope and focus areas for the coordination institution. The need for a secretariat to support functioning of the coordination institution and possible source of funding to set up and operate the coordination institution can also be mentioned in the mandate.

Box 3 provides an example of case in the Republic of Korea where in a statute (Korea Electronic Trade Promotion Act) a legal provision has been made to establish a coordination institution (National Electronic Trade Committee).

Box 3: Case of National Electronic Trade Committee in the Republic of Korea

In the Republic of Korea, the mandate of establishing a coordination committee for electronic trade was instituted through a legal provision as witnessed in the below excerpt from the Korea Electronic Trade Promotion Act.

Article 5 Establishment of National Electronic Trade Committee:

1. The National Electronic Trade Committee (hereinafter referred to as the “Committee”) mandated to consult and coordinate the matters falling under each of the following subparagraphs relating to the promotion of electronic trade shall be set up under the Prime Minister:

- A. Matters concerning the facilitation policy steps;
- B. Matters concerning the cooperation of the official business among Ministries or Administrations in facilitating the electronic trade;
- C. Matters concerning the upgrade and improvement of Acts and sub-ordinate statutes governing the electronic trade; and
- D. Other important matters needed to facilitate the electronic trade.

2. The Committee shall be composed of not less than 20 members, including the chairman and the members shall be made up of *ex officio* members and commissioned members.

3. The Prime Minister shall concurrently serve as the chairman, and the *ex officio* members shall be appointed from among the public officials who are vice ministers of central administrative agencies or higher in their ranks prescribed by the Presidential Decree and the heads of institutions concerned and the commissioned members shall be commissioned by the chairman from among the persons of profound learning and experience in the electronic trade.

4. The Committee shall set up working committees with the aim of efficiently operating the Committee.

5. Necessary matters concerning the composition, operation, etc. of the Committee and working committees shall be prescribed by Presidential Decree.

Source: Korea Electronic Trade Promotion Act, 2005

IV. FUNCTIONS AND ACTIVITIES OF NATIONAL COORDINATION INSTITUTIONS

The functions of a coordination institution should be decided by a country's trade and transport facilitation agenda. Each country will have different priority issues in trade and transport facilitation depending upon the institutional environment, capacity of business sector and political will for trade and transport facilitation. This chapter explains broad areas that the coordination institutions may consider in determining its scope of work. Based on the functions, annual work plans, programmes and activities of the institution can be developed.

A. Functions

The principal function of the coordination institutions is to provide a framework and a platform for inter-ministerial/inter-agency coordination and cooperation. It may help:

- Simplify, standardize and harmonize rules, procedures and documents;
- Use information and communication technology (ICT) tools in trade and transport facilitation;
- Study changes in international trade and transport environment;
- Conceive, negotiate and implement trade and/or transport facilitation agreements; and
- Develop capacities of stakeholders

These functions are discussed briefly in the foregoing paragraphs. It may be pertinent to mention here that the list provided herein is not exhaustive and more functions can be considered depending on the needs of a particular country.

1. Providing a framework and platform for inter-ministerial/inter-agency coordination and cooperation

The most important function of these institutions is to provide a framework for coordination and cooperation among various ministries and agencies. As indicated earlier, international trade and transport operations have grown in complexity with numerous agencies performing their regulatory roles, usually in an independent manner. The renewed focus on facilitation of international trade and transport in the region has brought these issues into sharp focus and an urgent need to address them.

One of the primary reasons for delay at border crossings is lack of cooperation and coordination among the agencies. Often one agency is unaware of what others are doing with respect to the same consignment and even if it is aware it will normally make no effort to reach to other agencies. This leads to redundant inspections and cumbersome documentation. In addition, the entire process is repeated at adjacent border crossing in neighboring country. Such issues can be addressed through cooperation among the agencies behind and at the border and between the agencies across the border.

Therefore, the principal function that the coordination institutions need to discharge is to provide a framework for the inter-ministerial and interagency coordination and cooperation. Within the framework effective and efficient solutions to the trade and transport facilitation issues spread across various government departments and agencies can be found.

2. Supporting simplification, standardization and harmonization of rules, procedures and documents

Rules, procedures and documents relating to international trade and transport, covering various work domains of international trade and transport, are formulated and enforced by different ministries and agencies. Often they overlap and sometimes may be inconsistent within a country and across the border. Simplifying, standardizing and harmonizing them are a process of inter-ministerial and inter-agency consultation and cooperation, and the coordination institutions can perform these functions effectively.

The coordination institution may initiate, discuss, advise or suggest simplification, standardization and harmonization of rules, regulations, procedures and documentation. They may also suggest scope of the implementation by individual ministries or agencies. The detailed functions and work programmes of these institutions may be designed in a way that streamlines administrative procedures, increases efficiency and effectiveness of international trade and transport processes, that leads to reduction in transaction costs.

3. Assisting in use ICT tools in trade and transport facilitation

Trade and transport facilitation is increasingly linked to the development and application of ICT. While coordinated action embedded in such tools as risk management and the Single Window can be seen on the basis of their inherent merits, the actual application of these tools will be more difficult and less beneficial in the absence of an adequate streamlined administrative environment. ICT application in trade and transport facilitation often requires adjustments in the existing procedures and documentation. Its application by one agency may have impact on the functioning of other agencies. More comprehensive application of ICT,

such as the Single Window, where re-engineering of business processes is done to bring all procedures and documentation together with simplification and harmonization, needs substantive inter-ministerial and inter-agency coordination and cooperation. The coordination institutions can provide a perfect platform for such requirements.

4. Studying changes in international trade and transport environment

International trade and transport have evolved into a complex stage with swift changes in the globalization era. The trading and transport community of member countries needs to keep themselves abreast of the requirements for facilitation in international trade and transport. They also need to be informed about the latest procedures/methods being adopted in international trade and transport resulted from changes in technologies, including ICT.

The coordination institutions may identify the changes needed and assess their implications for the country and suggest modification or amendment in procedures, administrative instructions, legislations and/or codes to various agencies involved in international trade and transport. With multi-sectoral nature of trade and transport facilitation, it may be desirable to organize the studies on changes in international trade and transport environment through the coordination institutions to bring together multi-disciplinary knowledge and capability for such complex subject.

5. Assisting in conception, negotiation and implementation of trade and transport facilitation agreements

With a renewed focus on facilitation of international trade and transport in the region, many countries have entered into subregional and bilateral agreements covering various aspects of trade and transport. The coordination institutions can play a significant role from the stage of conception, negotiation formulation to the final stage of smooth implementation of these agreements. Further, they may undertake studies to find full implications of acceding to a particular international convention on transport facilitation or any other similar agreement. Accordingly, they can advise governments on the ratifications/accession to various international conventions related to trade and transport facilitation.

6. Developing capacities of stakeholders

The need to develop capacity of the officials involved in the clearances and inspections of international trade and transport is paramount to ensure that the necessary controls are instituted while trade and transport are facilitated. Often lack of knowledge and skills on the part of officials become a hindrance to smooth flow of goods, people and

vehicles. Therefore, one of the functions of the coordination institutions can be conducting training programmes or providing a forum whereby training programmes, workshops or seminars for developing capacity of the officials and other stakeholders involved in international trade and transport can be conducted. They may also organize refresher courses for different stakeholders to update them on changes in the processes, procedures and/or instructions related to clearances of goods and vehicles in international trade and transport. The terms of reference can be framed to reflect these and other functions. It will serve as a guide post for the coordination institution in discharging its work.

Box 4 illustrates terms of reference of the National Transit and Transport Coordinating Committee of Malaysia that has been set up under the ASEAN Framework Agreement on Facilitation of Goods in Transit.

**Box 4: Terms of Reference of the Malaysian National Transit
and Transport Coordinating Committee**

1. To coordinate, monitor and implement the ASEAN Framework Agreement on Facilitation of Goods in Transit., ASEAN Framework Agreement on Facilitation of Inter-State Transport and ASEAN Framework Agreement on Multimodal Transport in effective and efficient way;
2. To conduct forum, negotiations and workshop at national level to facilitate the three major agreements;
3. To simplify and harmonize transit transport, trade practices and procedures;
4. To update relevant laws or regulations and propose new amendments;
5. To formulate policies for infrastructure developments and adopt international best practices; and
6. To assess national benefits with respect to acceding to the international conventions which can facilitate international trade and transport.

Source: Noor Aishah Kamarzaman, Presentation at the APEC Workshop on Transport Control and Optimal Transborder Logistics, Vladivostok, the Russian Federation, 3-4 October 2011

B. Work plans, programmes and activities

The broad functions identified above need to be distilled into long-term work plans and annual work programmes.

Work plan may cover target achievements over a long-term period and some programmes or activities that may spread over a year. A suggested work plan is illustrated in Box 5.

Box 5: Suggested Work Plan

1. Formulation and implementation of subregional agreements on cross-border and transit transport;
2. Formulation and implementation of intergovernmental agreements of trade or transport;
3. Consultation for opening of new border crossings and routes for transport;
4. Accession to international conventions related to trade and/or transport facilitation;
5. Ratification of the Intergovernmental Agreements on Asian Highway Network and Trans-Asian Railway Network;
6. Coordination on the implementation of the Single Window;
7. Coordination on simplification and harmonization of procedures and documentation;
8. Studies on emerging facilitation issues;
9. Training courses on new facilitation measures; and
10. Field visits.

In addition, focused and time bound work programmes, along with specific activities required to accomplish the objective of the coordination institutions, are to be detailed. The translation of the functions into a manageable work programmes is of critical importance for the success and sustainability of these institutions.

Work programmes may be established in consultation with all interested parties, through meetings, workshops, seminars or brainstorming sessions. It is essential that targets and a time frame to achieve them are clearly established, and activities needed to accomplish the objectives are clearly specified. In addition, the work programmes may be flexible to accommodate unforeseen and important developments that may lead to addition or deletion of activities or other changes. A suggested work programme is provided in Box 6.

Box 6: Suggested Work Programme

- Coordination meetings for the negotiation of a particular subregional agreement on cross-border and transit transport;
- Meetings for proposals on signing of a particular intergovernmental agreement of trade or transport;
- Consultation meetings on discussion for opening of a particular border crossing and route for transport;
- Meetings on proposals regarding accession to international conventions related to trade and/or transport facilitation;
- Meetings on submission of proposals on the Intergovernmental Agreements on Asian Highway Network and Trans-Asian Railway Network to the Parliament for approval;
- Coordination meetings on the implementation of the Single Window;
- Coordination meetings on introduction of integrated declaration form;
- Study on legislative changes needed to implement the Single Window;
- Study on legislative changes required for the implementation of international facilitation conventions;
- Training course on new integrated declaration form;
- Training course on new amendments to the subregional agreement on cross-border and transit transport; and
- Field visits to border crossings and seaports to investigate reasons for delays.

C. Individual and collective responsibilities of members

Members of the coordination institutions have a dual responsibility – individual and collective. As individual members from the line ministries, they are empowered to discharge an appropriate regulatory role independently. On the other side, they, as members of the coordination institutions, take part in discussion on facilitation issues and are part of the group that reaches consensus.

For example, Customs is responsible for clearances and inspections of goods, and they discharge this function as per the Customs code and according to various instructions issued in this regard by the national Customs administration. However, if a collective decision is made by the coordination institution on joint inspections of goods by Customs together with other agencies, Customs also has a responsibility to implement it. In the former case, they have an individual responsibility, while for latter they have a collective responsibility.

V. ORGANIZATIONAL STRUCTURES AND MEMBERSHIP OF NATIONAL COORDINATION INSTITUTIONS

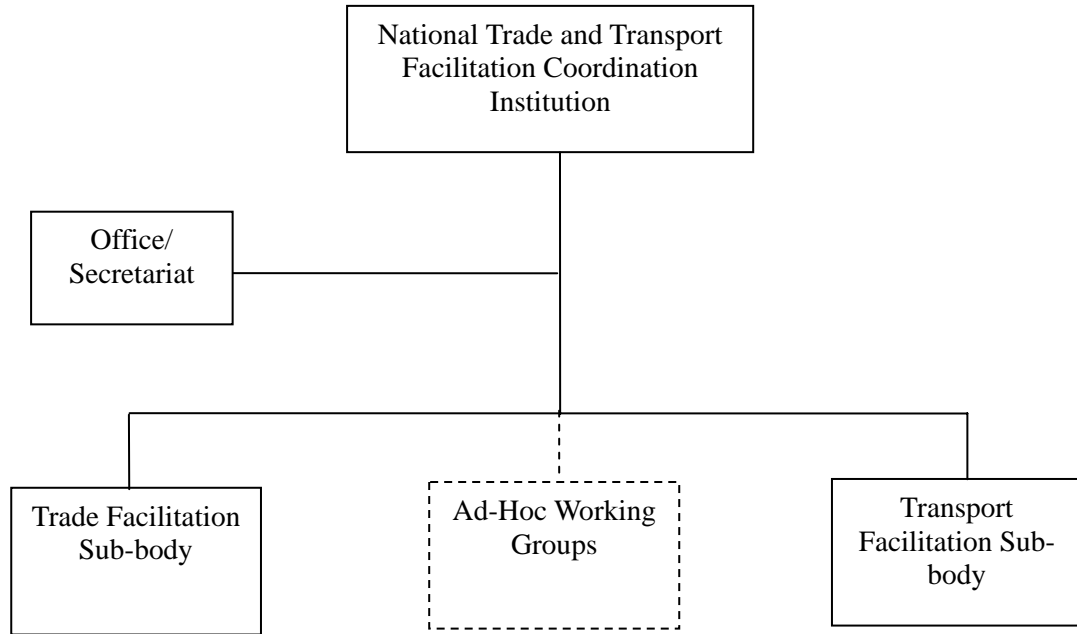
A. Organizational structures

Once the functions and work programmes of a coordination institution have been identified, an organizational structure to accomplish them is needed. Such a structure is expected to help successfully accomplish functions and work programmes of the coordination institutions. In addition, the coordination institutions need stable organizational structures to discharge their functions and work programmes. Frequent changes in the organizational structures can be detrimental to attainment of the objectives and disruptive to the sustainability of the coordination institutions.

Organization of the coordination institution needs to take care of the structure of the coordinating institution itself and the substantive support functions. Based on the experience so far, two broad organizational structures are suggested for these institutions and are discussed in subsequent paragraphs. Depending on the institutional environment and its unique trade and transport facilitation needs, a country may find the best way to organize its coordination institution.

In the first structure as shown in Figure 1, there is one joint inter-agency institution comprising of stakeholders from trade, transport and other related government agencies and representatives from the business sector. It provides a platform where diverse stakeholders come together with a common objective to facilitate trade and transport. The issues can be discussed, debated and finally agreed for action. Such an approach provides coherence for policy making on facilitation issues related to different agencies involved in international trade and transport.

Figure 1: Organizational structure for joint national trade and transport facilitation coordination institution



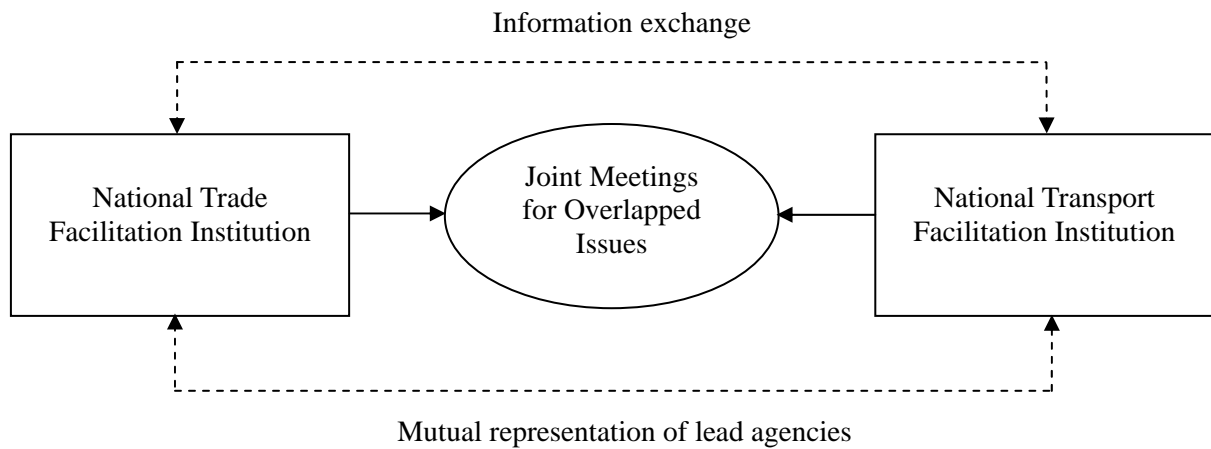
In this structure, the trade facilitation and transport facilitation sub-bodies may work independently on their respective issues and report to the main body. Overlapping issues are addressed by joint meetings convened according to work programme. In addition, ad hoc working groups may be created depending upon needs to go into specific issues as mandated by the national coordination institutions. The main body is supported by an office or secretariat, whose details are discussed separately.

With this organizational structure, the stakeholders from the trade and transport sectors can come together and avoid duplication of efforts and potential inconsistencies in the implementation of trade and transport facilitation measures.

Another type of organizational structure for the coordination institutions is shown in Figure 2, where there are two inter-agency facilitation institutions, one for trade and one for

transport. Membership of each institution is similar to the first type as described in the previous paragraphs.

Figure 2: Organizational structure for separate national trade and transport facilitation coordination institutions



If an organizational structure with two coordination institutions is adopted, information exchange between the two institutions and mutual representation of the lead ministries of the two institutions are essential to meaningfully address facilitation issues.

In this structure the trade and transport facilitation institutions may work independently for their particular issues but need to have joint meetings to discuss overlapped issues. The outcomes of the joint meetings serve as a basis for appropriate facilitation measures for the two inter-agency institutions.

This type of organizational structure may be applied to the countries where a joint trade and transport facilitation coordination institution is not feasible due to prevailing institutional environment. It may also be applied to the countries which have large number of separate issues for trade facilitation and transport facilitation to be addressed or strong

sectoral coordination institution in operation. In the countries where the facilitation institutions are entrusted with substantive regulatory role, such as management of international operators, they may also consider separate coordination institutions.

Organizational structure is a means to achieve objectives of the coordination institutions. Besides the organizational structure, the functions and clearly defined work programmes are equally important for attaining objectives of the coordination institutions. The two structures discussed above are indicative. It is possible to organize the coordination institutions in other ways that may be more effective in a particular country.

B. Office/secretariat

The provision of secretarial services is important for smooth functioning of the coordination institutions. A coordination institution needs to be supported by an office or a secretariat with a professional team. The office/secretariat staff, at the minimum, should have one full time chief with one assistant. The chief should, preferably, be a professional having wide experience in the areas of trade and/or transport facilitation. The team can either be permanent or temporarily drawn from various ministries or authorities to provide support for operation of the coordination institution.

It is substantively desirable and financially realistic that the leading ministry provides office facilities and key staff for the office/secretariat. The funding requirements for the activities of the office/ secretariat may be covered by the leading ministry's overall budget or additional budget allocated for the office/secretariat.

The exact role and functions that an office or a secretariat has to fulfill will depend on the terms of reference and the organizational arrangements of the institution. In general terms, the office/ secretariat can provide organizational and substantive support to the coordination institutions. It may also liaise among the members.

In practice, the functions of the secretariat may include:

- Preparing and organizing meetings;
- Preparing and disseminating meeting documents;
- Reporting on meetings and disseminating meeting results;
- Following up the implementation of decisions;
- Supporting the working groups or task forces;
- Organizing the studies as decided by the institution;
- Providing information on facilitation to members;
- Organizing seminars and workshops; and
- Institutionally promoting the national coordination mechanism.

C. Membership

The exact membership of the coordination institutions may vary from country to country depending on the trade and transport structure and environment. Table 2 indicates possible members of these institutions based on public sector involvement and corresponding business sector counterparts in facilitation of trade and transport.

Table 2: Typical membership of coordination institutions

Key Partners in International Trade and Transport	
<p>Public sector</p> <ul style="list-style-type: none"> • Transport <ul style="list-style-type: none"> – Ministry of transport • Commerce <ul style="list-style-type: none"> – Ministry – Foreign trade agencies – Banking and insurance supervisors • Finance <ul style="list-style-type: none"> – Ministry <ul style="list-style-type: none"> ○ Customs administration • Plant/ health/food safety <ul style="list-style-type: none"> – Ministries of agriculture/health • Border control <ul style="list-style-type: none"> – Ministry of defense <ul style="list-style-type: none"> ○ Border guard • Visa issuance <ul style="list-style-type: none"> – Ministry of foreign affairs • Police, Immigration 	<p>Business sector</p> <ul style="list-style-type: none"> • Transport <ul style="list-style-type: none"> – Professional associations • Commerce <ul style="list-style-type: none"> – Chambers of commerce and industry – Customs brokers – Import/export associations • Finance <ul style="list-style-type: none"> – Banking and insurance associations

This list, however, needs to be seen in the light of possible problems of manageability of an institution and its ability to maintain a meaningful decision making process.

It would be advisable that the coordination institution has a support from the high level political leadership. It may be chaired by Minister from the ministry having a leverage and substantial interest in facilitation issues, which is normally the ministry of commerce or transport. In the case where coordination by a line ministry is difficult in a particular country, it may be chaired by Deputy Prime Minister to enhance the capacity of the institution in tackling challenging inter-agency issues in facilitation. In addition, the coordination institution may have a Deputy Chair who may be elected from the members of the coordination institution.

VI. SUSTAINABILITY OF NATIONAL COORDINATION INSTITUTIONS

Sustainability is one of the most critical issues when it comes to assessing the scope and potential of trade and transport coordination institutions. Sustainability basically depends on two inter-related factors, i.e., financial support and operational success.

A. Financial support

Financial support is one of the major issues to be addressed in order to ensure effective functioning of the coordination institutions. The actual financing needs may be grouped as:

- Office/secretariat;
- Meetings of the institutions; and
- Studies, seminars and workshops.

1. Government support

The coordination institutions need start up capital to establish office. Such inter-agency coordination for facilitation of trade and transport is primarily government activity and therefore should be funded by the public means.

In addition, it is desirable that the lead ministry of the coordination institution provide with office facilities and core staff of the office/secretariat. The lead ministry may use its existing facilities without need of additional capital. Costs for the office facilities, staff and operating expenses may be covered by the ministry's overall budget or additional budget. Sometimes other ministries may provide additional staff to support heavy work load for some specific activities, such as large meetings, seminars or studies. Budget should be also allocated for the expenses relating to travel, training, printing, information etc.

As meetings of the coordination institutions may use the existing meeting facilities in the lead ministry or member organizations, there is practically no cost involved.

The third component of cost relates to the activities undertaken to facilitate trade and transport. The cost will depend upon the scale of projects and programmes being undertaken. Depending upon issues under consideration and nature of activities, it may either be financed by government or jointly by government and business sector under a partnership model. A particular project or an activity may also be financed by international organizations.

2. Business sector's support

The business sector may support these institutions on a voluntary basis, such as by hosting seminars, workshops or training courses from which they can also benefit directly. They may also fully or partly finance research or studies on trade and/or transport facilitation issues sponsored by the coordination institutions.

If a coordination institution has a strong feature of the public-private partnership, business sector may also provide office space and related facilities, and contribute to the operating costs. Box 7 shows the case of Pakistan's NTTFC, which faced financial difficulties that were eventually met using proceeds from the export development fund.

Box 7: Pakistan NTTFC- use of private sector funding

The National Trade and Transport Facilitation Committee (NTTFC) of Pakistan was established in August 2001 with technical support provided by UNCTAD through a World Bank funded project. The Committee was modeled as a public-private partnership institution.

With completion of the international project, the Committee faced financial difficulty for further operation. The resulting solution of resorting to grant funding from the Export Development Fund (EDF) provided for a way out of the specific problems experienced by the Committee. The EDF is financed by a small surcharge on most exports. On return, the facilitation measures initiated or supported by the NTTFC provide benefits for exporters.

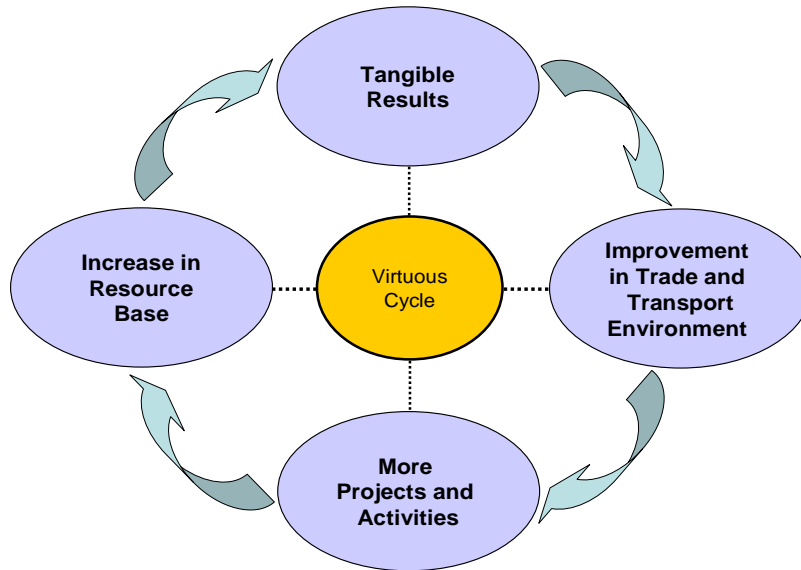
Source: <http://www.nttfc.org/>, Accessed 30 January 2012

Because financial sustainability is vital aspect of the coordination institution, it is important to combine all the possible funding sources with an overarching aim of ensuring sufficient funds to take care of the capital and the operational requirements. In this regard, the contributions from government and business sector may not be necessarily in cash. They can also be in kind, such as provision of staff and office. In addition, in some countries, the line ministries, such as ministries of finance, commerce and transport, may include facilitation activities into their overall work plans or programmes.

B. Operational success

The second major element of ensuring sustainability is the performance of these institutions. The willingness of all stakeholders to participate, on a regular basis, in the work of the coordination institutions will be dependent on a stream of benefits flowing to them. As shown in Figure 3, continuous tangible results over a time period that benefit the stakeholders can set up a virtuous cycle for the coordination institution, where tangible results bring improvement in trade and transport facilitation environment, that leads to the demand for more work, which increases their resource base and in turn can lead to effective results.

Figure 3: Virtuous cycle for national coordination institution



Some of the guiding principles for operational success of the coordination institutions are discussed below.

1. To produce tangible results to gain confidence of the stakeholders

For sustainability of the coordination institutions, it is critical to attain tangible results. The coordination institutions need to be pro-active in shaping an environment conducive to trade and transport and react to constantly changing demands, yet they also need to remain focused and clear in their objectives in order to have the impact needed to advance the national trade and transport facilitation agenda.

In order to produce tangible results, the coordination institutions need to carefully select tasks in their annual programmes. Ideally, the programmes can include some activities to achieve results in a short time period and some activities to achieve results over a longer time period. Careful evaluation of potential tasks, their difficulty levels, time required to complete and possible benefits to different stakeholders needs to be undertaken before the activities are included into annual programmes.

2. To undertake fewer activities at a time and maintain focus

The coordination institutions may take up a few activities at the beginning to keep focus. The activities may be spread across different areas having a synergy among them to have maximum impact. The projects and activities may be selected carefully to ensure that they address key issues that have a potential to improve trade and transport facilitation environment. The need to focus for these institutions relates not only to the work of the institutions but also to the meeting contents.

3. To establish performance indicators to measure results

Sometimes, activities undertaken by the coordination institutions are difficult to monitor and evaluate. Clear establishment of the objectives together with achievable time frames and performance indicators will help in evaluating the efficiency and effectiveness of the coordination institutions and taking remedial measures timely. This will be more important in the case an international commitment pertaining to facilitation is to be met in a prescribed time. Periodical reporting to the stakeholders may be necessary as the facilitation measures may not yield immediate results in most cases.

4. To take stakeholders along – discuss, debate and decide

From the beginning, it is desirable that participation in the coordination institutions is inclusive. Membership needs to include most of the government agencies, chambers of commerce, industries and other entities which have a stake in facilitation of international trade and transport. Active participation in activities should be encouraged and the concerns of each of the stakeholders need to be addressed appropriately during the meetings of the coordination institutions. Taking all the stakeholders with divergent mandates and interests together is challenging but possible. The coordination institutions provide a forum where different and sometimes conflicting views of stakeholders can be considered, debated and resolved. These institutions may have their own internal decision making system. Once a decision is taken, all stakeholders depending on their roles should stand by it and take necessary steps to implement it.

The willingness to work for a common goal is the basis of trade and transport facilitation policies and measures. Cooperation between ministries and other governmental agencies, supplemented by trade and transport operators, is required to promote understanding of different stakeholders and to create a sense of joint ownership among stakeholders. Financial support and operational performance are at the heart of the sustainability of the coordination institutions. Some other related factors that can support them and eventually make these institutions sustainable are as follows:

- International assistance for facilitation projects and activities;
- Proactive and supportive public and business sectors' participation;
- Promotion at national, regional and international forums;
- Competent technical team in the office/secretariat;
- Appropriate lead agency and chairs; and
- Involvement of high-level decision makers.

VII. ESTABLISHMENT AND STRENGTHENING OF COORDINATION MECHANISMS AT THE BORDERS CROSSINGS

Efficient border management is an important item of national transport facilitation agenda. Due to increase in the movement of goods and people across borders, agencies at the borders will remain under considerable pressure to optimize control and facilitation. To efficiently discharge their mandates, they need to adopt modern border management techniques. Coordination among border agencies can help maintain an appropriate balance between control and facilitation. It implies maintenance of traditional sovereign functions, but with minimum interference in trade and transport operations. The focus shifts from a transaction specific approach to a more comprehensive system-wide facilitation approach without duplication in inspections and documentation. Achieving meaningful facilitation gains, therefore, requires comprehensive “whole of border” reform initiatives and effective cooperation and information sharing among border management agencies.

A. Border delays are major hindrance to smooth movement of goods, people and vehicles

Excessive delays at border crossings are one of the most important non-physical barriers that adversely impact smooth international transport. The delays at border crossings happen due to many reasons, but in most cases are aggravated due to lack of coordination and cooperation among border agencies. Each of these agencies has its own mandates with regard to goods, people and vehicles crossing the borders. More often, these agencies work independently, without full understanding of what the other agencies are doing and without regard to the consequences of numerous agencies dealing with the same goods repeatedly. The results of intervention by different agencies are obvious, i.e., excessive delays at borders and attendant costs that ultimately raise the cost of goods making them uncompetitive.

B. Coordination among agencies is needed at the Borders

To facilitate movement of goods, people and vehicles while taking into account the mandate each agency with respect to controls, it is imperative that the agencies at a border crossing work in a coordinated way by sharing the information among them and avoiding duplication in the inspection processes or procedures. The basic objective of cooperation among agencies at the border is to develop and implement cost effective transport clearance processes and mechanisms while maintaining a regulatory control. The clearances at border crossings can be expedited if the interventions are based on an integrated risk management system which addresses concern of all agencies at the border. Coordinated Border Management, a term which is now frequently used to mean cooperation and collaboration among border agencies, has different approaches and institutional arrangements. It includes co-location of facilities, close cooperation between agencies, delegation of administrative authority, cross designation of officials and effective information sharing, one stop border posts or single stop inspection and single window.

While all these initiatives share some common themes and offer the promise of significant improvement in border management and clearance processes, they present a range of institutional problems that are not always easy to overcome. Processes need to be redesigned, based on closer inter-agency cooperation and information sharing.

C. Two Pillars of Coordinated Border Management

Broadly speaking, coordinated border management has two pillars. One is the domestic coordination among the agencies and the other is international coordination. Domestic cooperation involves intra- and inter-agency cooperation. Intra-agency cooperation involves efficient management of resources and information within an agency responsible for specific tasks at the local, regional and central levels. Inter-agency cooperation involves cooperation at local, regional and central level among agencies with different tasks related to border management. Example of inter-agency cooperation at the central level is the Single

Window whereby a trader lodges a single declaration to meet the requirements of different agencies. Inter-agency cooperation is challenging as border agencies in many countries are not accustomed to sharing of information and working together. Since coordinated border management involves reallocation of authority, many border agencies resist it due to a vested interest to maintain status quo. Therefore, a meaningful inter-agency cooperation needs considerable political will to initiate changes. A sound legal basis and consequent legislative adjustments may be needed to institutionalize the coordination at the borders. At the operational level, cooperation can take the form of joint inspections and sharing of resources.

The second pillar of coordinated border management is international cooperation or cross-border coordination. This type of cooperation happens normally within the framework of a bilateral or multilateral agreement. Most apparent form of this coordination happens at the local level by way of one stop border post where joint controls can be planned and executed. Though simple in concept, joint controls can be challenging tasks to execute. Numerous institutional, legal and operational barriers need to be addressed to get maximum benefits from these controls. One of measures to remove these barriers is harmonization of documentation and procedures through an enabling legislation that allows for extra territorial inspections by border officials and recognition of results thereon and daily operation of the border post including joint use of expensive non-intrusive equipment. Subregional cross border transport agreements also provide a basis for coordination among border agencies behind the border and across the border. To implement these provisions few countries have entered into Memorandum of Understandings (MOUs) that specify the approach of coordination in more explicit manner.

The coordination mechanism can play a significant role in fostering international cooperation both at the policy level and at the operational level. At policy level, through targeted research, it can provide inputs advising governments to include joint controls and other approaches to coordinated border management in the subregional and bilateral agreements. At operational level, the mechanism can provide a framework within which various border agencies can cooperate on a continuing basis.

D. Decision on the approach for coordination at the borders

There are various approaches for inter-agency coordination at border, some of which are already being adopted by countries in the region. These approaches include issuance of joint instructions that define the procedure for the implementation of Customs and other controls by the border agencies on goods, people and vehicles crossing border. Formulation of annual joint action plans that serve as the basis for inter-agency cooperation at the border is another approach. All the main national agencies take part in the formulation of annual plan at the beginning of each year where past year actions are reviewed and necessary changes made for the current year keeping in view the mandates of each agency at the border. Another approach of coordination is the development of a national Integrated Border Management (IBM) strategy and an action plan to implement it. Cross designation of responsibilities is also a way of inter-agency cooperation, which is being used in Tajikistan where border guards possess the right to perform responsibilities on behalf of other agencies in case of absence of their permanent representation at the border.

It is desirable that countries adopt one or another approach indicated above, however even if no formal mechanism is in place, regular inter-agency meetings should be held to deal with various operational issues such as coordinated inspections, sharing of information and cross discharging of responsibilities. Similarly, for implementation of joint controls between countries at the border, periodic meetings should be held between the agencies at the border to sort out the operational issues such as fixing working hours of border post, sharing equipment and facilitates, earmarking common control areas for inspection of goods, recommending expansion of infrastructure at border crossing and sharing intelligence regarding illegal activities such as drug and arms smuggling, organized terrorism and smuggling of goods.

The coordination mechanisms are most appropriate to taking central role in the coordinated border management and as indicated they can plan their work at policy and operational levels. Coordination among different agencies at the border crossings can become

much easier when coordination mechanisms provide a ready framework for various agencies at the border to work together. However, coordination may not happen on its own; a plan of action and approach as indicated above has to be formulated for the coordination among agencies to yield meaningful facilitation.

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ANNEX: CASE STUDIES

Two different types of national coordination institutions are introduced as case studies in this Annex.

First case study is on the National Trade and Transport Facilitation Committee (NTTFC) of Pakistan. The committee was set up with a technical assistance from UNCTAD through a World Bank project. It is an example of public-private partnership for establishing a national coordination institution and deals with both trade and transport issues. It faced financial difficulties after completion of the international project, but finally overcame the problem with the support of the private sector through the Export Development Fund, which provides funds to cover the expenses of the Committee.

The second case study is on the National Transport Committee (NTC) of the Lao People's Democratic Republic. The NTC was set up with the Government's support. It deals with transport facilitation issues and consists primarily of the representatives from relevant ministries and Government agencies, though there is a representation from the business sector as well.

Despite these differences, the two committees have many similarities. Both of them have done commendable work in trade and transport facilitation, as demonstrated by the tasks performed by each of them in the past few years. They were created as result of resolution/decreed passed by the Governments indicating a strong political support. Both of them have a strong secretarial support, even though for Pakistan, the secretariat premises is in the Chamber of Commerce, while for the Lao People's Democratic Republic, Department of Transport, Ministry of Public Works and Transport, acts as the secretariat. In addition both committees have clear terms of reference supported by their work programmes.

The two case studies illustrate that the approach or way to form and manage national coordinate institutions can differ from country to country. A country may find a suitable approach to establish, manage and institutionalize a national coordination institution keeping in view their institutional environment and requirements of trade and transport facilitation.

A. Case study 1: Pakistan NTTFC

With active support of domestic stakeholders and international donors, the Pakistan NTTFC, established in 2001 has improved Pakistan's international trade environment

substantially. One of the most important ingredients for the success of this Committee is the political will demonstrated by various resolutions issued by the Ministry of Commerce, the Government of Pakistan.

The Committee has 38 representatives from various Government ministries, banks, chambers of commerce and industry, port trusts and railways. Oversight to the Committee is provided by a Board of Directors chaired by Secretary/Additional Secretary of Commerce. The board consists of eight directors, including four from the private sector, three from the Government of Pakistan and one from the World Bank. The secretariat of the Committee is located in Karachi, Pakistan, and an Executive Secretary, who is a member of the Board of Directors, is responsible for day-to-day functioning of the Committee.

The terms of reference of the Committee are to:

- Continuously review the trade and transport procedures and systems with a view to update their simplification and harmonization;
- Undertake coordination of efforts of concerned organizations in the field of facilitation of international trade and transport;
- Collect and disseminate information on international trade and transport formalities, procedures, documentation and related matters;
- Pursue the simplification and alignment of trade and transport documents on the basis of the United Nations Layout Key, including documents designed for the use in computer and other automated systems; and
- Promote the adoption of the standard trade and transport terminologies and international codes for trade and transport legislation.

The NTTFC has been working in coordination with the concerned ministries and the public/private stakeholders for adoption of various trade and transport facilitation measures. Important tasks performed during the past five years were related to:

- Study of international trade transaction procedures with a view to their simplification;
- Harmonization of important trade and transport documents with international standards;
- Coordination with the Pakistan Customs in the implementation of the Customs administrative reforms;
- Modernization of transport and marine insurance legislation;
- Providing advice on the implementation of the international conventions;

- Support to the concerned organizations for the implementation of trade and border security measures;
- Study of capacity requirements and policies needed for promotion of refrigerated domestic transport and cold storage of fresh produce;
- Study of sanitary and phytosanitary controls;
- Study of the requirements for the Pakistan Electronic Trade Network;
- Modernization of freight forwarders by introducing standard trading conditions, minimum standards of professional qualifications and the code of conduct;
- Studies relating to logistics costs and shipping charges; and
- Providing training to support trade facilitation.

The NTTFC has made tangible contributions to the trade and transport facilitation initiatives and efforts in Pakistan and is being entrusted with more responsibilities.

B. Case study 2: NTC of the Lao People’s Democratic Republic

The NTC of the Lao People’s Democratic Republic is an example of a coordination institution that has been set primarily to deal with transport facilitation.

The NTC was established by the Decree of Prime Minister No. 03/PM, dated 28 January 2002. Since its establishment, the NTC has been supported by the Government. The NTC was set up with broad responsibilities with focus on transport facilitation issues. The listed responsibilities cover major issues in transport facilitation in the country. Its main duties and responsibilities are as follows:

- To study the policy and strategy of the Government to ensure proper coordination in the facilitation matters of all modes of transport, both domestic and international;
- To study, review, comment, amend and propose all laws and regulations on transport issues and to study for the benefits of ratification or accession or acceptance of all international conventions and agreements relating to transit transport issues;
- To supervise and encourage transport operators for modernization of transport fleets and introduction of advanced information technology in order to enhance the transport sector to be more convenient, quick, safe and at reasonable price;
- To coordinate with all relevant organizations both domestic and abroad for collecting and sharing information/best practices on international transport formalities, procedures, laws , regulations and related plan of actions etc.;

- To coordinate and monitor the progress in implementing the GMS and ASEAN framework agreements on cross-border transport and transport facilitation respectively;
- To study and apply all transport documentation, formalities and procedures laid out by the United Nations and /or other international organizations aiming at simplifying and harmonizing transport documentation, formalities and procedures of international transport systems in the country;
- To seek assistance or possible funding from ESCAP or other international organizations for organizing seminars, workshops, short- and long-term training on transport facilitation measures, multimodal transport operations, transport logistics and so on for trade and transport policy makers, senior decision makers, related government officials, and transport operators;
- To promote the introduction of EDI and UN/EDIFACT systems and so on to facilitate international transport of the country; and
- To closely cooperate and coordinate with the regional transport committees to reach common requirements on identification of rules, regulations, standardized and harmonized documentation, formalities and procedures, vehicle inspection requirements, the tariff structure formulation and all related matters.

The NTC is headed by one chair, Minister of Public Works and Transport and two deputy chairs, Vice Minister of Industry and Commerce and Permanent Secretary of the Ministry of Public Works and Transport. Its members from line ministries include:

- Director General of Transport Department, Ministry of Public Works and Transport, also as head of the secretariat of the NTC;
- Director General of Treaties and Laws Department, Ministry of Foreign Affairs;
- Director General of Foreign Trade, Ministry of Industry and Commerce;
- Director General of Immigration Department, Ministry of Public Security;
- Director General of Economic Management Department, Ministry of Planning and Investment; and
- Director General of Customs, Ministry of Finance.

In addition, the Committee has also members from business sector, including:

- Chairman of National Chamber of Industry and Commerce;
- Chairman of Lao International Freight Forwarder Association (LIFFA);
- Director of National Insurance Company; and
- Representative of National Passenger Association.

The NTC is also considered as the National Transit Transport Coordinating Committee (NTTCC) as required by the ASEAN Framework Agreement on the Facilitation of Goods in Transit and the National Transport Facilitation Committee (NTFC) required by the GMS Cross-border Transport Agreement.

A permanent office known as secretariat office has been working within Department of Transport, Ministry of Public Works and Transport. This office helps the NTC to perform its duties and responsibilities, including the work for the NTTCC and the NTFC.

In order to strengthen the Committee's work, the Chair of the Committee has issued the Minister's Decree on the work of the NTC, which specifies:

- The rights and duties of Chair and Vice-Chairs, the rights and duties of members, the rights and duties of Head of the secretariat and its deputies;
- Four ordinary meetings per year and extra meeting(s) upon request by the secretariat office and approved by Chair;
- Condition for convening a meeting, i.e., with presence of at least 2/3 of the members at the meeting;
- Four areas of responsibilities for the secretariat office, namely the ASEAN cooperation, the GMS cooperation, domestic and international cooperation, and administrative related work; and
- Approval procedures of the documents prepared by the secretariat office.

The Committee has organized numerous activities, including studies, workshops and seminars. It was used as an important platform for internal consultation during the formulation of the subregional agreements within the framework of ASEAN and GMS. Some of the activities are highlighted as follows:

- Completed unofficial translation of the international conventions and agreements (including the ASEAN agreements and their protocols, and the GMS CBTA and its annexes and protocols) from the English language into the Lao language;
- Completed accession to the International Convention on the Harmonization of Frontier Controls of Goods and ongoing submission of proposal to the Government for approval in acceding to the Multilateral Agreement on the International Think Tank for Landlocked Developing Countries;

- Completed the Environmentally Sustainable Transport Project granted by the Government of Japan through the United Nations Centre for Regional Development project;
- Completed the construction of the common control area at Densavanth (Lao-Vietnam border crossing point) and road site stations along the East-West Economic Corridor under the ASEAN-Japan Cooperation projects;
- Ongoing work to disseminate the ASEAN and GMS activities and agreements and their protocols and annexes to all stakeholders concerned throughout the country; and
- Ongoing work in drafting the Law on Multimodal Transport and improving the Law on Road Transport and the Law on Road Traffic to comply with the ASEAN and the GMS agreements as well as the international conventions and agreements relating transit transport issues.



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