

## **Streamlining Trade: A Window of Opportunity**



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The United Nations Conference on Trade and Development (UNCTAD) estimates that the average customs transaction involves 25 different parties, 40 documents, 200 data elements (30 of which are repeated at least 30 times) and the re-keying of 65 per cent of all data at least once. The Greater Caribbean region is not immune to such customs delays and inefficiencies. According to the latest Doing Business Survey for 2016, average exporting and importing documentary compliance takes 58 and 74 hours respectively across the region. In this context, documentary compliance refers to the time and cost associated with complying with documentary requirements of all government agencies of the origin economy, the destination economy and any transit economies.

These facts illustrate the importance of trade facilitation in global trade. Trade facilitation is generally defined as the simplification and harmonisation of international trade procedures including import and export procedures. Trade facilitation has taken centre stage within the World Trade Organisation's (WTO) agenda. At the 2013 Bali Ministerial Conference, governments from across the world concluded negotiations on a landmark Trade Facilitation Agreement. The Trade Facilitation Agreement (TFA) seeks to address the so called "red tape" which inhibits the world's traders, especially small, medium enterprises (SMEs) from moving their goods across borders. The WTO describes the TFA as a document which contains provisions for expediting the movement, release and clearance of goods, including goods in transit. The agreement also sets out measures for effective cooperation between customs and other relevant authorities on trade facilitation and customs compliance issues.

### **Trade Facilitation and the Single Window for Foreign Trade**

To date, eighty one (81) countries have ratified the agreement of which seven (7) are from the

Greater Caribbean region. The region's move towards ratifying the agreement has faced challenges, mainly the lack of technical capacity and support in several Member States.

One important aspect of the TFA is Article 10.4 which calls for members to implement a Single Window of Trade which “enables traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies. It is also expected that after the examination by the relevant authorities, the results shall be notified to the applicants through the single window in a timely manner.”

A single window system can improve information flows by sharing relevant information with all entities involved in trade, inclusive of private entities such as banks and insurance companies and public entities such as government agencies. The United Nations Economic Commission has adequately summarized the Single window system's benefits for the main stakeholders as follows:

Government: increase in government revenue, enhanced compliance with rules, improved efficiency in resource allocation, better trade statistics;

Traders: faster clearance times, a more transparent and predictable process and less bureaucracy;

Customs: improved staff productivity through the upgraded infrastructure, increase in customs revenue, a more structured and controlled working environment, and enhanced professionalism;

Economy as a whole: improved transparency and governance and reduced corruption, due to fewer opportunities for physical interaction.

While the benefits of the Single Window are well understood, the complexity associated with its implementation remains a daunting task. Simply put, establishing a National Single Window is not an easy task, nor is it possible to simply create a carbon copy of a Single Window which has worked for one country and implement in another. This is an important consideration for the Greater Caribbean which hosts a diverse composition of countries, each with its own unique capabilities, resources, and institutional problems. Implementation is also a lengthy process which may take many years and is typically undertaken in phases.

Regionally, the Inter-American Development Bank (IADB) as well as Latin American and Caribbean Economic System (SELA) have undertaken efforts to improve progress on Single Windows. The IADB's initiative - Inter-American Network of International Trade Single Windows (Red VUCE) is a regional forum for dialogue and cooperation which includes governmental, public and private organizations. One of the main objectives of Red VUCE is to consolidate and disseminate knowledge based on analysis, studies and exchanges of experiences and best practices of the existing single windows in the region and the rest of the world.

SELA has also contributed to the advancement of the Single Window for Trade in the wider Latin America and Caribbean region. It has produced a plethora of studies and analyses of the Single Window implementation, challenges and progress across countries. SELA also introduced a Digital and Collaborative Port Network, the 1st collaborative network of port logistical communities in Latin American and the Caribbean. The main objective is to share institutional and collaborative best practices through exchange of information and new forms of inter-organizational work flow.

Within the Association of Caribbean States (ACS), Colombia has succeeded in implementing significant reforms to its trade facilitation regime through its own Single Window initiative or VUCE (Ventilla Única de Comercio Exterior by its Spanish acronym) initiative as a part of its Trade Facilitation Policy. VUCE is a computerised tool that allows for the electronic processing of the prior authorisations, permits, certifications or approvals required by the respective State entities in order to conduct specific import and export operations. The Colombian government began implementing VUCE as early as 2004 as a part of a wider Public Administration Reform programme.

In collaboration with the ACS, the Colombian government, through the Ministry of Trade, Industry and Tourism (MinCIT) is currently offering a Trade Training Programme focusing on sharing the best practices from its trade activities such as the implementation of VUCE. The VUCE workshop will be hosted by Mr Luis Fernando Fuentes Ibarra -Director of Foreign Trade from MinCIT.

The Association remains committed to improving trade relations and encouraging easier trade facilitation amongst the Member States through capacity building programmes which encourage collaboration amongst Member States. For 2016, this programme consists of a series of workshops focusing on contemporary trade issues and is currently on-going throughout the year. The ACS thus looks forward to the continued support and participation of the Caribbean in these activities towards faster and more efficient trade facilitation.

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