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Capacity Building for Trade Facilitation

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Capacity Building for Trade Facilitation

Report from an Asia-Pacific Economic Cooperation (APEC) Workshop on
Best Practices in Capacity Building for Trade Facilitation

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LIST OF ACRONYMS

ADB	Asian Development Bank
APEC	Asia-Pacific Economic Cooperation
APEC-EIP	APEC Economic Integration Program (funded by CIDA)
CAP	Collective Action Plan (APEC)
CIDA	Canadian International Development Agency
CTI	Committee on Trade and Investment (APEC)
DDA	Doha Development Agenda
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GMS	Greater Mekong Sub-Regional Cooperation Program (ADB)
IAPs	Individual Action Plans (APEC)
Lao PDR	Lao People's Democratic Republic
LDCs	Least Developed Countries
RBM	Results-Based Management
SMEs	Small and Medium-Sized Enterprises
SPS	Sanitary and Phyto-Sanitary Measures
TBT	Technical Barriers to Trade
TFAP	Trade Facilitation Action Plan
TRIMs	Trade-Related Investment Measures
TRIPs	Trade-Related Intellectual Property Rights
TRCB	Trade-Related Capacity Building
TRTA	Trade-Related Technical Assistance
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
WCO	World Customs Organization
WTO	World Trade Organization
WTO CBG	WTO Capacity Building Group

1. PURPOSE OF THE REPORT

On May 22 and 23, 2005, the Asia-Pacific Economic Cooperation (APEC) World Trade Organization Capacity Building Group (WTO CBG) held a two-day workshop on Best Practices in Capacity Building for Trade Facilitation on Jeju Island, in the Republic of Korea. The workshop was organized by the Government of Canada and jointly funded by the APEC Secretariat and the Canadian International Development Agency (CIDA) through its APEC Economic Integration Program (APEC-EIP). The purpose of the workshop was to enhance the capacity of donors and recipients to deliver and use trade facilitation capacity building assistance more effectively. This report summarizes the key findings of the workshop. It also highlights recommendations for the future direction of capacity building activities related both to trade facilitation negotiations in the World Trade Organization (WTO) and to the issues and priorities of the broader APEC trade facilitation agenda.

2. BACKGROUND

Following the APEC Workshop on Best Practices in WTO Capacity Building in Santiago, Chile, on February 25 and 26, 2004, the WTO CBG agreed that a comparable substantive workshop on best practices should be held each year, in conjunction with the WTO CBG meeting. This year, the Republic of Korea is hosting the APEC events. As a result, the WTO CBG decided to hold its annual meeting, along with its workshop on best practices, on Jeju Island in conjunction with other APEC activities in May 2005.

The WTO CBG further agreed that the theme of the workshop this year should be best practices in capacity building for trade facilitation. Trade facilitation is often defined as “the simplification and harmonization of international trade procedures.” This definition includes a wide range of trade-related activities, practices and formalities, such as import and export procedures, customs administration, licensing procedures, transport formalities, payment, insurance and other financial requirements. To remove the barriers at borders and facilitate trade flows, the WTO agreed to conduct negotiations on trade facilitation in August 2004. These negotiations became part of the Doha Development Agenda (DDA) negotiations, which were launched in Doha, Qatar, in November 2001. There is an urgent need to build capacity in developing countries, both for trade facilitation negotiations in the WTO, and for the implementation of trade facilitation measures and best practices.

CIDA is currently supporting the five-year APEC-EIP, a \$9-million program designed to provide trade-related technical assistance and WTO capacity building to six target countries in Southeast Asia (the Philippines, Thailand, Indonesia, Lao PDR, Cambodia and Vietnam). The Conference Board of Canada is executing the program, in partnership with the Estey Centre for Law and Economics in International Trade. Trade facilitation is one of three core themes included in the APEC-EIP. The other two are trade in agriculture and trade in services. As a result, the Government of Canada offered to work with the APEC-EIP to organize the Workshop on Best Practices in Capacity Building for

Trade Facilitation in Korea, held before the WTO CBG meeting on May 24, 2005. The Government of Canada invited the APEC-EIP to help plan the workshop. The event would contribute to the delivery of the APEC-EIP by helping develop regional networks for sharing information on trade facilitation among officials and experts from participating countries.

The workshop had two objectives: to build the capacity of regional donors and recipients of training and technical assistance in trade facilitation in order to deliver and use that capacity building assistance in the area as effectively as possible; and to strengthen the WTO CBG as a regional network for capacity building discussions. The focus of the workshop on trade facilitation reflected the importance APEC leaders have attached to reducing transaction costs across the APEC region. The workshop's theme also related to the development of a Trade Facilitation Action Plan (TFAP) under the auspices of APEC's Committee for Trade and Investment (CTI). As a result, the Jeju workshop on best practices in capacity building for trade facilitation was very timely and relevant.

3. SUMMARY OF WORKSHOP DISCUSSIONS

Charles Barrett, Senior Vice President of The Conference Board of Canada, chaired and facilitated the Jeju workshop on trade facilitation. He was also the Project Director of the APEC-EIP. The Conference Board of Canada and the Estey Centre for Law and Economics in International Trade, in partnership with the Government of Canada and the APEC Secretariat, designed and organized the two-day workshop.

The workshop agenda was designed in close consultation with the Government of Canada, the APEC Secretariat, and other experts from international organizations and the private sector. The workshop design also considered capacity building for both negotiation and implementation of trade facilitation commitments, related to trade facilitation discussions in both the WTO and APEC. For details of the program design, please see the agenda in the annex to this report.

Most of the speakers came from APEC economies, as well as from Lao PDR and Cambodia, which are APEC-EIP target countries. Invited speakers included government officials from Canada, Hong Kong China, Japan and the Philippines; trade facilitation experts from international organizations, such as the United Nations Conference on Trade and Development (UNCTAD), the World Customs Organization (WCO) and the Asian Development Bank (ADB); and private consultants from the United States, Canada, Korea and Cambodia. The speakers shared their expertise, experiences and best practices on trade facilitation with the workshop participants.

There were 47 participants in the workshop, including 16 women. Thirty-seven participants came from APEC economies, while nine others were observers from Cambodia, Lao PDR or international organizations, and one was from the APEC Secretariat. The full list of the participants is included in Annex 2. The detailed breakdown of the participants is as follows:

Economy	No. of participants	Of which, no. of women
Brunei Darussalam	2	1
Canada	8	1
China	3	2
Hong Kong China	1	0
Indonesia	3	1
Japan	1	0
Korea	1	1
Malaysia	1	0
Mexico	2	0
Papua New Guinea	2	1
Peru	1	0
Philippines	4	2
Russia	1	0
Chinese Taipei	1	0
Thailand	4	3
Vietnam	2	1
Observers	9	3
APEC Secretariat	1	0
Total	47	16

At the outset of the workshop, Charles Barrett, the Workshop Chair, and Toyonori Uemura, the Co-Chair of the WTO CBG, made opening remarks. The negotiation of trade facilitation disciplines in the DDA is crucial for international businesses. The DDA negotiations, like previous trade rounds, will further reduce tariffs and increase global trade and investment. However, many countries are concerned that difficulties related to the lack of trade facilitation disciplines (such as delays at borders, complicated and unnecessary documentation requirements, and the lack of automated processing) lead to business losses that often exceed the costs of tariffs. Clearer, stronger rules on trade facilitation in the WTO will increase certainty and transparency for businesses, and will give businesses better information on import and export regulations, including customs procedures. In addition, clear trade facilitation rules will reduce costs and delays, and provide more competitive import and export conditions. Trade facilitation will also provide governments with better information; create a more efficient regulatory environment for revenue protection and trade administration; and reduce infrastructure costs. These factors, among others, have created a strong case for adopting trade facilitation measures. Advances in technology provide new means of facilitating trade that make it possible to improve the management of cross-border commerce and the distribution of goods.

As the Project Director of the APEC-EIP, Dr. Barrett also indicated that trade facilitation and customs administration have been integral parts of the APEC-EIP project from its inception, and trade facilitation is a priority in all six target countries. As a result, it was particularly relevant to link the APEC-EIP project with this APEC workshop on trade

facilitation. However, since the definition of trade facilitation is quite broad, there is a perceived need to identify more precisely the needs of each of the six target countries under the APEC-EIP. The workshop offered an excellent opportunity to exchange information and learn about best practices in trade facilitation.

After the opening and introductory sessions, the following six major themes on best practices in capacity building for trade facilitation were presented, according to the program agenda:

- Identifying key trade facilitation issues;
- Assessing capacity building needs and priorities for trade facilitation;
- Building capacity in trade facilitation negotiations;
- Enhancing capacity in trade facilitation implementation;
- Strengthening trade facilitation capacities for small and medium-sized enterprises (SMEs) and women exporters; and
- Discussing future actions and recommendations.

The first session set the context for the workshop and identified priority negotiation and implementation issues in the area of trade facilitation in the WTO and APEC. Peter Faust, Head of UNCTAD's Trade Logistics Branch, updated participants on WTO negotiations on trade facilitation in Geneva. In particular, he highlighted the negotiating modalities after the July 2004 package and the current process of negotiations on trade facilitation. He emphasized that effective trade facilitation requires broad and deep commitment from government institutions, the collective and professional support of the business community, and integrated and coordinated technical assistance. Bez Babakhani, a Senior Economic Policy Officer with Foreign Affairs Canada, identified the key issues and priorities of the APEC trade facilitation agenda. It appears that APEC has a much broader definition of trade facilitation than the WTO. The WTO is now negotiating binding commitments on Articles V, VIII and X of the General Agreement on Tariffs and Trade (GATT) among WTO members. APEC has been a leader in promoting best practices in trade facilitation to reduce the transaction costs of doing business. As a rules-making body, the WTO has recently accelerated its work on trade facilitation negotiations. Its work in the area of trade facilitation complements APEC's.

The second session provided an opportunity for the APEC-EIP to highlight capacity building needs and priorities in the area of trade facilitation, based on information generated by the baseline study conducted for the program and a scoping workshop on trade facilitation held in Manila in March 2005. Dr. Barrett, the APEC-EIP Project Director, summarized the preliminary findings on the needs for capacity building for trade facilitation in the six target countries. In particular, since Vietnam and Lao PDR are still in the WTO accession process and Cambodia is a new member of the WTO, these three countries have particular capacity building needs. The Philippines, Thailand and Indonesia are in better shape in that respect than Vietnam, Lao PDR and Cambodia. However, it seems that the Philippines and Thailand are better prepared than Indonesia. After Dr. Barrett's summary report, Atty. Gallant D. Soriano, Deputy Commissioner of the Bureau of Customs of the Philippines, shared information on best practices related to

customs reforms and capacity building efforts in the Philippines. Then Cambodochine Dao, Cambodia's Director of Trade and Private Sector Development, highlighted efforts to build trade facilitation capacity in Cambodia from a private sector perspective.

The third session focused on best practices in negotiation-related capacity building for trade facilitation. Participants discussed questions such as the following: What kinds of training and technical assistance do developing countries need to participate more effectively in trade facilitation negotiations? What coordination and consultation mechanisms should be considered to ensure that WTO trade facilitation negotiations are effective and equitable? And what are the best practices for building capacity in trade facilitation negotiations in APEC? Tadatsugu Toni Matsudaira, a Technical Officer with the World Customs Organization (WCO), summarized the capacity building activities related to trade facilitation negotiations that the WCO provides, in collaboration with the WTO, UNCTAD, the World Bank and other international organizations. Rex Chang, Hong Kong China's Assistant Director General of Trade and Industry, shared his insights on best practices in capacity building for trade facilitation negotiations in APEC economies. He highlighted capacity building needs related to three negotiating phases: pre-negotiation, actual negotiation and post-negotiation. In each phase, trade facilitation capacity building must be tailored to the expressed needs of members within specific negotiating contexts.

The fourth session dealt with best practices in implementation-related capacity building for trade facilitation. Brian Staples, President of Trade Facilitation Services Inc. in Ottawa, Canada, presented the trade facilitation implementation issues from a private sector perspective. He highlighted the need for trade facilitation capacity building to cohere with the security agenda. Mr. Staples also emphasized the importance of linking trade facilitation initiatives with private sector and security issues. Lingling Ding, Senior Trade Economist of the Asian Development Bank (ADB), shared information on best practices in trade facilitation under the ADB's Greater Mekong Sub-Regional (GMS) Cooperation Program. ADB experience shows that trade facilitation is essential to maximizing the benefits of sub-regional transport infrastructure in the GMS program. Trade facilitation has improved efficiency by permitting the easier flow of goods and people across borders. It also fosters a sense of community, and promotes harmonization of rules and procedures.

The fifth session focused on best practices in capacity building for trade facilitation negotiations and implementation from the perspectives of small and medium-sized enterprises (SMEs), and of female exporters and entrepreneurs. Bonni Van Blarcom, WTO Expert and Trade Policy Capacity Building Advisor, is a private consultant from the United States. She works most of the time in developing countries. Ms. Van Blarcom presented the opportunities and challenges of SMEs in the area of trade facilitation. In particular, she outlined considerations related to designing and implementing trade facilitation capacity building programs for SMEs. Soon-Young Jung, of the Republic of Korea, is the Chair of the 2005 APEC Gender Focal Point Network. She summarized the gender constraints on trade facilitation and APEC's work to support potential female exporters and entrepreneurs. In addition, she made specific recommendations to build the

trade facilitation capacity of female exporters and entrepreneurs, which included collecting gender-disaggregated data, promoting gender sensitive policies and measures, and establishing business networks for female exporters and entrepreneurs. Jean-Paul Sarda, Senior Program Manager with CIDA, highlighted CIDA's emphasis on private sector development and gender equality issues in trade-related capacity building programming.

The final session provided an opportunity to summarize the major findings of the workshop and to make recommendations for future actions in trade facilitation. James Leach, Executive Director of the Estey Centre for Law and Economics in International Trade, served as the rapporteur and facilitator of the session. Christopher Burton, Deputy Director (APEC), International Economic Relations and Summits Division, Foreign Affairs Canada, along with James Leach and other speakers and participants, shared and debated many relevant and emerging issues in trade facilitation.

The participants were quite satisfied with the results of the workshop. At the end of the workshop, participants received an evaluation form, which 35 people completed. According to these completed evaluations, the overall satisfaction rate was close to 100 per cent (excellent, 28 per cent; good, 63 per cent; and satisfactory, 9 per cent). Many participants indicated that they would use their increased knowledge of trade facilitation frequently in their work. Many of them said they would share the workshop findings with their colleagues and other stakeholders in their economies.

4. MAJOR FINDINGS

The speakers and participants were very active during the workshop's discussions. This section summarizes the major findings of the workshop.

4.1 APEC as a Leader in Trade Facilitation

APEC is a recognized leader in trade facilitation issues, and its work in this area has led to significant results related to cutting red tape and improving trade in the APEC region. APEC accomplishes its trade facilitation objectives mainly through high-level political statements and agreements; concrete actions, such as work done at Committee on Trade and Investment (CTI) sub-fora; capacity building initiatives; and economic studies. APEC's 2001 Shanghai Accord required APEC economies to cut transaction costs by 5 per cent by 2006, and the 2004 mid-term review indicated that APEC was on track to achieve this objective.

Trade facilitation is one of APEC's priority areas. APEC's efforts in this area are structured around three recommendations of the 2004 Expanded Dialogue on Trade Facilitation:

- Deepening the implementation of the Trade Facilitation Action Plan (TFAP), and monitoring the plan better;

- Building a close relationship with the business community on trade facilitation issues; and
- Working together to advance trade facilitation negotiations in the WTO.

In Jeju, workshop participants encouraged APEC and its member economies to continue playing a leadership role in trade facilitation negotiations and implementation. They suggested that the CTI develop a “Trade Facilitation Roadmap to 2006.” This roadmap includes key provisions on trade facilitation capacity building, on the organization of expert reviews and on close cooperation with the business community. The roadmap also called on the CTI to identify specific trade facilitation elements on which member economies could cooperate to develop common approaches to reducing transaction costs for business. Workshop participants also encouraged APEC to express its strong support for advancing trade facilitation negotiations in the WTO.

4.2 The Broader APEC Trade Facilitation Agenda and WTO Negotiations

The APEC trade facilitation agenda is much broader than the WTO negotiations on trade facilitation. The APEC trade facilitation agenda comprises customs procedures, standards and conformance, business mobility and e-commerce, while the WTO negotiations on trade facilitation specifically focus on clarifying and improving the rules embodied in Articles V, VIII and X of the GATT 1994. Although there is some overlap between the APEC trade facilitation agenda and the WTO trade facilitation negotiations, the work of the two international organizations on trade facilitation is generally complementary. Nevertheless, there is general agreement that greater collaboration among international organizations, including APEC and the WTO, is needed in order to advance the trade facilitation agenda and to assist the developing members in their trade facilitation negotiations and implementation.

Other differences exist between APEC and the WTO in the area of trade facilitation. While APEC has a broader agenda to promote best practices in trade facilitation among its member economies, APEC members’ commitments to trade facilitation are voluntary, with no penalties for those who cannot achieve the goal. However, under the WTO, negotiations on trade facilitation are part of the DDA. Resulting commitments would have a binding effect and be subject to the WTO’s dispute settlement mechanism. The stakes in the WTO are hence higher for developing countries. APEC, WTO and other international organizations, as well as developed countries, are encouraged to help developing countries build their capacities for trade facilitation negotiations and implementation.

4.3 The Role of the Business Community in Trade Facilitation

It is very important to build a close relationship with the business community on trade facilitation issues in order to ensure an effective implementation of trade facilitation commitments made through the WTO, APEC and other trade agreements. Ultimately, private sector companies will benefit from the reduced costs and increased opportunities brought about by trade facilitation. As a result, the business community should be encouraged to play an active role in trade facilitation negotiations and implementation. Effective implementation of any trade facilitation commitments also requires active involvement of the business community with government institutions and other stakeholders. Strong support from government institutions and the business community for trade facilitation measures will result in real benefits to private sector companies from the implementation of trade facilitation commitments. As soon as the business community sees the real benefits, it is expected that private sector companies will play an important role in the process of trade facilitation negotiations and implementation.

The business community sees trade facilitation in a broad way that is similar to the APEC definition of trade facilitation. This concept includes everything related to transactions between a vendor and a purchaser, including sanitary and phytosanitary measures (SPS), technical barriers to trade (TBT), services, customs, port operations and financial arrangements required to achieve trade facilitation goals. Initiatives to build trade facilitation capacity should address the specific needs of the business community.

4.4 Multi-Stakeholder Consultation and Coordination for Trade Facilitation

Successful negotiations and effective implementation of any trade facilitation initiative require the close cooperation of many stakeholders. In this regard, both a strong government commitment and a domestic consensus about the role of trade facilitation initiatives in the development process are needed. This consensus can only be achieved through an ongoing process involving active dialogue among a large number of stakeholders.

Trade facilitation normally involves different stages of trade transactions—a so-called international trade chain. This international trade chain begins when a buyer orders goods; continues as the goods are shipped and pass through customs; and ends when the buyer receives the goods and the seller receives payment. The trade chain includes multiple stakeholders: government agencies, such as trade, transport and shipping ministries, customs and inspection agencies, and standards-setting bodies; members of the business community, such as export and import companies, manufacturers, agricultural producers, transport and shipping companies, financial and insurance agents, customs brokers, and wholesale and retail stores; and civil society

organizations, such as consumer groups, and environmental and labour activists. These stakeholders will have vested interests in the ongoing WTO trade facilitation negotiations, and in the implementation of trade facilitation measures in APEC and other fora.

To encourage a multi-stakeholder consultation process for trade facilitation, it has been proposed that the WTO CBG support a workshop on best practices in multi-stakeholder consultation for trade facilitation. This workshop would take place in conjunction with next year's WTO CBG meeting in Vietnam. The Government of Canada and the APEC-EIP may provide technical and financial assistance to support the APEC Secretariat and the Government of Vietnam in this important initiative.

4.5 Targeted and Coordinated Capacity Building for Trade Facilitation

In the last several years, many international organizations—such as APEC, the WTO, the WCO, the World Bank, the ADB, UNCTAD, the United Nations Economic Commission for Europe (UNECE), and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)—and developed country donors, such as Canada, the European Union, Japan and the United States, have been increasingly involved in technical assistance and capacity building efforts for trade facilitation in developing countries and transition economies. There are clear signs that some of these countries, such as the Philippines, have gradually built their capacities for trade facilitation. However, there is a need for a targeted and coordinated approach to address the specific needs of particular developing economies. Each economy's needs for trade facilitation technical assistance and capacity building are quite different. A “one size fits all” approach will not work. Technical assistance and capacity building efforts for trade facilitation have to be customized and targeted to respond to the needs identified for specific economies. It is also important to note that although several developing economies have far-reaching trade facilitation programs, many others do not. More targeted and customized programs are needed for those economies without such capacity.

Many donor and recipient countries have begun to coordinate their efforts to build capacity for trade facilitation. However, more coordination and collaboration are needed, because such capacity building is a complicated process involving many stakeholders. Some programs to build trade facilitation capacity—such as efforts to automate customs, build or upgrade ports, or facilitate transport—require major investments and technology transfer.

There is also a complex partnership between donors and various government agencies with different priorities, operating arrangements, timeframes and resources. A delicate balance must be established between the donor's own trade policy agenda and the developing country's needs and priorities. Partners must also balance the

provision of short-term negotiating capacity and support for long-term implementation for trade facilitation.

4.6 Institutional Capacity Building, Sustainability and Local Ownership

It is also important to create or strengthen institutions in order to sustain capacity building efforts for trade facilitation. Many workshop participants indicated that long-term institutional capacity building should be the key to sustaining national or regional capacities for trade facilitation. They realized that short-term, trade-related technical assistance programs can sometimes be building blocks for long-term efforts to build institutional capacity. However, creating new institutions or strengthening existing institutions for trade facilitation takes time.

One successful capacity building strategy is to encourage local ownership. This approach works for both trade-related and trade facilitation programs. It has been proven that demand-driven and participatory trade-related projects perform better than supply-driven projects. Demand-driven trade facilitation projects are more relevant and efficient than others. More importantly, demand-driven trade facilitation projects encourage local ownership, which will likely make these projects more sustainable.

4.7 Harmonizing Rules and Standards and Sharing Best Practices

The Jeju workshop discussions made abundantly clear the importance of closely linking trade facilitation work to the international environment, in order to harmonize rules and standards and share best practices. If countries implemented different rules and standards, the resulting plethora of so-called facilitated systems would create a very complex international situation. There would be no real progress made in trade facilitation. If trade facilitation is going to generate potential benefits, it must be based on internationally accepted standards, rules and methods. To improve capacity building for trade facilitation, it is important to do the following: avoid variation in standards setting and promotion; communicate regularly to avoid duplication; and seek synergies by using comparative advantage and enhanced expertise in trade facilitation. Simplification and harmonization of rules, standards and procedures will be an important component of the trade facilitation process.

Although the workshop focused on best practices, this approach does not suggest that every country must adopt precisely the same system for trade facilitation. It does mean, however, that best practices in capacity building for trade facilitation can be shared, encouraged and promoted in the context of international consensus.

4.8 Trade Facilitation Capacity Building and the Security Agenda

Security has always been a factor in international trade, and many mechanisms and procedures already exist to address this issue. However, since September 11, 2001, potential terrorist attacks have clearly posed a real threat to the stability and development of international trade. As a result, security issues have been very high on national and international trade agendas. Future initiatives to build capacity for trade facilitation should be closely linked to security issues.

Workshop participants agreed there is a clear need to integrate trade facilitation capacity building with the security agenda. Such integration requires inputs from government agencies and the private sector. On the surface, including security considerations in trade facilitation initiatives may increase initial costs. However, in the long run, the resulting benefits are tangible and self-reinforcing. A combination of WCO security standards and private sector best practices will improve product security visibility.

4.9 Small and Medium-Sized Enterprises (SMEs) and Trade Facilitation

Small and medium-sized enterprises (SMEs) usually play an important role in generating employment and reducing poverty in many developing countries and transition economies. However, due to the increased costs of doing business across borders and unfamiliarity with international market conditions, most SMEs shy away from participation in international trade. If trade facilitation initiatives can substantially reduce the costs of doing business abroad, SMEs may be more likely to take part in the expansion of international trade.

SMEs have certain constraints and needs related to participating in international trade. Due to their smaller size, they tend to lack financial resources to develop adequate products and services for the international market. They do not have the technology and information to improve their productivity and establish national and international networks. They also lack the business services and international marketing skills they need to participate in international trade.

To address SMEs' trade facilitation needs, international donors and recipient countries will have to identify the priorities of the SME sector in specific countries. Trade facilitation initiatives should be tailored to provide the technical and financial support SMEs need. Such support may include international market research, export development plan preparation, export financing and insurance, or initiatives to upgrade SMEs' skills and technologies, for example. The key to sustainability is to encourage SMEs' ownership of those trade facilitation initiatives. SMEs' active

participation will help ensure that initiatives to build capacity for trade facilitation meet their objectives.

4.10 Trade Facilitation and Female Exporters and Entrepreneurs

Like SMEs, female exporters and entrepreneurs face many constraints and barriers to participation in international trade. These obstacles include difficulty in obtaining necessary capital, limited opportunities to improve technical know-how, lack of business information, and less access to local, national and international networks. Female-owned businesses are much smaller and women's participation tends to be marginalized in international trade negotiations. For example, no country undertaking trade liberalization does so from a starting point of equality between women and men. It is recognized that if women are disproportionately excluded from the benefits of trade liberalization, or bear a heavier burden of the costs of adjustment, gender inequality will increase. There is evidence to suggest that gender inequality itself will limit economic growth and social justice.

Nowadays, the international community is more aware of the different impacts of trade liberalization on women and men, and has started to encourage more participation of women in international trade. For example, APEC has created the APEC Gender Focal Point Network as a mechanism for integrating gender considerations into APEC programs and activities. The Jeju workshop participants said that policy reforms and the legal framework must give women equal access to financial resources. Business networks among female entrepreneurs and exporters in the formal and informal sectors should be encouraged and established. There should also be more active and effective participation by women in bilateral, regional and multilateral trade negotiations.

5. RECOMMENDATIONS FOR FUTURE WORK

The Jeju workshop participants identified a number of issues related to trade facilitation capacity building. The WTO Capacity Building Group (CBG)—and, indeed, other multilateral and bilateral donors and international organizations—could give special consideration to these issues in the future. This section summarizes the recommendations made at the Jeju workshop.

- **Needs Assessment for Trade Facilitation** – A trade facilitation needs assessment covering all APEC members would be of great benefit to both donors and recipients. The WTO CBG could support the preparation of such a needs assessment. In particular, the study could focus on key developing economies within APEC, to identify their specific needs for capacity building and propose appropriate programming to address their needs. Based on the needs assessment, targeted and coordinated capacity building initiatives could be implemented for individual economies or a group of economies.

- **Focus on Assistance in Actual Negotiations and Implementation** – The WTO has already launched negotiations on trade facilitation. As a result, the Geneva timelines will affect the scheduling of trade facilitation capacity building initiatives. The time for “pre-negotiation” capacity building for trade facilitation has almost passed. Therefore, APEC and other donors should now begin to focus on assistance for the actual trade facilitation negotiation process, and for the post-negotiation implementation of trade facilitation commitments to be concluded in the WTO.
- **Multi-Stakeholder Consultations and Coordination** – It is very important to conduct multi-stakeholder consultations and coordination in the area of trade facilitation. Such consultations provide governments with private sector perspectives on trade facilitation issues. They also alert businesses to the opportunities, uncertainties and challenges that trade facilitation developments may present. Advance notice gained through consultations can also help businesses adjust to changes related to the implementation of new trade facilitation measures. It has been proposed that the WTO CBG support a workshop on multi-stakeholder consultation for trade facilitation in conjunction with next year’s WTO CBG meeting in Vietnam.
- **Transparency Standards in APEC Economies** – APEC Transparency Standards can contribute significantly to trade facilitation. They also have a demonstrable effect on other WTO members. Many proposals that have been made in Geneva regarding GATT Article X cover measures to which APEC members have already committed in the Transparency Standards. The APEC Committee on Trade and Investment (CTI) could therefore promote the Transparency Standards related to capacity building.
- **Strengthening Individual Action Plan (IAP) and Collective Action Plan (CAP) Commitments** – Implementation-related capacity building for trade facilitation could, where possible, take advantage of the foundation provided by existing IAP and CAP commitments in APEC. APEC member economies are encouraged to upgrade their IAP commitments to trade facilitation, taking into account commitments made in the WTO negotiations. APEC members could also make CAP commitments, to continue playing a leadership role in trade facilitation.
- **Linking Trade Facilitation to the Security Agenda** – After the September 11 terrorist attack on the United States, it became common practice to closely link security issues and international trade. As a result, it is important to integrate the security agenda and trade facilitation capacity building initiatives. Governments, the private sector and the international community will have to work together to facilitate trade while ensuring security. APEC could support programs to demonstrate the best practices of APEC economies in integrating trade facilitation and security issues.

- **Tailored Capacity Building Assistance for SMEs** – Trade facilitation offers enormous potential benefits to SMEs. Due to their small size and sometimes-marginalized status, SMEs are disproportionately affected by the transaction costs of international trade. APEC should be more conscious of the value of trade facilitation as a development tool to assist SMEs, since SMEs contribute greatly to employment and poverty reduction in developing economies. APEC should tailor capacity building programs to the trade facilitation needs of SMEs. In the multi-stakeholder consultation process, APEC should ensure that representatives of SMEs are included, in order to help identify their needs.
- **Gender Considerations for Trade Facilitation Programming** – The gender dimensions of trade facilitation are very important, particularly if development benefits of trade facilitation are to be maximized. However, to take such dimensions into account, APEC needs to collect sex-disaggregated data and to integrate the gender issue into future projects. Technical assistance and support for capacity building should be provided and implemented according to the needs and priorities of women in APEC economies. The APEC Trade Facilitation Action Plan could target small female producers and organizations working with marginalized women. APEC should aim to provide more assistance for education and training designed to help women participate in international trade. APEC could foster the establishment of business networks among female entrepreneurs in the formal and informal sectors to explore opportunities in international trade. APEC could also promote policy reforms and legal frameworks that provide women with equal access to financial resources and technical know-how. The IAPs of APEC could also include an indicator to record improvements related to gender considerations for their trade facilitation measures.

Annex: Workshop Program Agenda

APEC Economic Integration Program (APEC-EIP)

WORKSHOP ON BEST PRACTICES IN CAPACITY BUILDING FOR TRADE FACILITATION

International Convention Centre, Jeju, Korea
May 22–23, 2005

Program Agenda

May 22, 2005

8:45 am – 9:00 am Registration

9:00 am – 9:45 am Opening Remarks and Introduction

Charles Barrett, Senior Vice President, The Conference Board of Canada, and Project Director, APEC Economic Integration Program (APEC-EIP)

Toyonori Uemura, Co-Chair of the WTO Capacity Building (WTOCB) Working Group

9:45 am – 11:00 am Session I: Key Negotiating and Implementation Issues in Trade Facilitation

Moderator: Christopher Burton, Deputy Director (APEC), International Economic Relations and Summits Division, Foreign Affairs Canada

Speakers:

Peter Faust, Head, Trade Logistics Branch, UNCTAD, Geneva, Switzerland

Trade Facilitation Negotiations in the WTO: State of Play and Future Prospects

Bez Babakhani, Senior Economic Policy Officer, Foreign Affairs Canada

Introduction to the APEC Trade Facilitation Agenda: Issues and Priorities

Discussant:

Bonni Blarcom, Trade Policy Capacity Building Advisor, Accra, Ghana

(This session intends to set the context for the workshop and identify priority negotiating and implementation issues in the area of trade facilitation. The session also brings the participants up to date of the WTO negotiations on trade facilitation, and the issues and priorities of the APEC trade facilitation agenda.)

11:00 am – 11:15 am Coffee/Tea Break

11:15 am –12:30 pm Session II: Needs Assessment and Capacity Building Priorities for Trade Facilitation Negotiations and Implementation in Selected APEC Economies

Moderator: Penn Sovicheat, Director General, Ministry of Commerce, Cambodia

Speakers:

Charles Barrett, Senior Vice President, The Conference Board of Canada, and Project Director, APEC Economic Integration Program (APEC-EIP)

APEC Economic Integration Program: The Trade Facilitation Component and the Preliminary Findings on Needs Assessment and Capacity Building

Atty. Gallant D. Soriano, MNSA, Deputy Commissioner, Bureau of Customs, the Philippines
Best Practices of the Philippines Customs Reforms and Capacity Building Efforts

Cambodochine Dao, Director, Trade and Private Sector Development, Cambodia

Private Sector Perspectives on Trade Facilitation Capacity Building in Cambodia

Discussant:

Brian Staples, Partner, Trade Facilitation Services Inc., Ottawa, Canada

(The session will provide an opportunity for APEC-EIP to highlight capacity building needs and priorities in the area of trade facilitation. The session will make use of the information generated from the baseline study on trade facilitation by the program, and the scoping workshop on trade facilitation held in Manila on March 14–15, 2005.)

12:30 pm – 2:30 pm Lunch Break and Networking

2:30 pm – 3:45 pm Session III: Negotiation-Focused Best Practices in Capacity Building in Trade Facilitation

Moderator: James Leach, Executive Director, Estey Centre for Law and Economics in International Trade, Saskatoon, Canada; Technical Advisor to the APEC Economic Integration Program

Speakers:

Tadatsugu Toni Matsudaira, Technical Officer, World Customs Organization, Brussels, Belgium

TRCB in Trade Facilitation Negotiations: Collaboration among the WCO, WTO and Other International Organizations

Rex Chang, Assistant Director General of Trade and Industry, Hong Kong China

Best Practices in Capacity Building for Trade Facilitation Negotiations in APEC Economies

Discussant:

Peter Faust, Head, Trade Logistics Branch, UNCTAD, Geneva, Switzerland

(The session will focus on best practices in negotiation-related capacity building for trade facilitation. For example, what kinds of training and technical assistance are required for the effective participation of developing countries in trade facilitation negotiations? What

coordination and consultation mechanisms should be considered for effective and equitable trade facilitation negotiations in the WTO? What are the best practices for building capacity in trade facilitation negotiations in APEC?)

3:45 pm – 4:00 pm Coffee/Tea Break

4:00 pm – 5:30 pm Session IV: Implementation-Focused Best Practices in Capacity Building for Trade Facilitation

Moderator: Peter Faust, Head, Trade Logistics Branch, UNCTAD, Geneva, Switzerland

Speakers:

Brian Staples, Trade Facilitation Services Inc., Ottawa, Canada

Trade Facilitation Implementation: Private Sector Considerations, the Security Agenda and Improving Trade-Related Capacity Building (TRCB) Coherence

Lingling Ding, Senior Trade Economist, Asian Development Bank, Manila, the Philippines
ADB Greater Mekong Sub-Regional (GMS) Cooperation Program and Trade Facilitation

Discussant:

Tadatsugu Toni Matsudaira, Technical Officer, World Customs Organization, Brussels, Belgium

(The session will focus on best practices in implementation-related capacity building for trade facilitation. The speakers from Canada and the ADB will share their knowledge and experiences regarding trade facilitation implementation in Canada and developing economies. The speakers will also present trade facilitation implementation issues from private sector perspectives, and highlight the security agenda and the coherence of capacity building for trade facilitation.)

May 23, 2005

9:00 am – 10:30 am Session V: Best Practices in Capacity Building for Trade Facilitation Negotiations and Implementation: From the Perspectives of SMEs and Women Entrepreneurs

Moderator: Charles Barrett, Senior Vice President, The Conference Board of Canada, and Project Director, APEC Economic Integration Program (APEC-EIP)

Speakers:

Bonni Van Blarcom, Trade Policy Capacity Building Advisor, Accra, Ghana

Capacity Building for Trade Facilitation Negotiations and Implementation: SME Considerations

Soon-Young Jung, Chair, 2005 APEC Gender Focal Point Network, Korea

Best Practices in Capacity Building for Trade Facilitation Negotiations and Implementation: From the Perspectives of Women Entrepreneurs in APEC Economies

Discussant:

Jean-Paul Sarda, Senior Program Manager, Regional Program, Asian Branch, CIDA

(The session will provide an opportunity to discuss best practices in capacity building for trade facilitation negotiations and implementation, particularly from SMEs' and female entrepreneurs' perspectives.)

10:30 am – 10:45 am *Coffee/Tea Break*

**10:45 am – 12:00 pm *Session VI: Trade Facilitation Negotiations and Implementation:
Discussion and Recommendations for Future Actions: Open
Discussion***

Rapporteur and Facilitator: James Leach, Executive Director, Estey Centre for Law and Economics in International Trade, Saskatoon, Canada; Technical Advisor to the APEC-Economic Integration Program

Summary of the Jeju Workshop on Best Practices in Capacity Building for Trade Facilitation

Christopher Burton, Deputy Director (APEC), International Economic Relations and Summits Division, Foreign Affairs Canada

Improving Trade Facilitation Capacity Building in APEC: Ideas for Future Work

Open Discussion

12:00 pm – 12:30 pm *Concluding Remarks*

Charles Barrett, Senior Vice President, The Conference Board of Canada and Project Director, APEC Economic Integration Program

12:30 pm – 2:00 pm *Reception hosted by the Government of Canada*

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