

COMMUNICATION FROM THE EUROPEAN COMMUNITIES

The following communication, dated 28 April 2005, from the Delegation of the European Communities, is being circulated in advance of the Negotiating Group meeting of 2-4 May 2005.

TECHNICAL ASSISTANCE AND SUPPORT FOR CAPACITY BUILDING

I. INTRODUCTION

1. This submission provides an overview of EC technical assistance and capacity building activities in the field of Trade Facilitation. It also sets out some lessons learned by the EC in this field and provides a brief overview of how EC programming operates. The submission aims to promote the transparency of EC activities within the framework of the Trade Facilitation negotiations and contribute to making progress in the negotiations, including by helping Members address the elements of the Negotiating Modalities concerning technical assistance and support for capacity building.

2. From EC experience (both internally and as a provider of assistance to other countries), the costs of introducing Trade Facilitation reforms tend to be limited. In general, the key has been in improving procedures and processes, in particular through adapting management techniques coupled with better training. Where there are significant costs, these have tended to be recouped reasonably quickly through higher revenue collection and greater operational efficiency. At the same time, resource constraints mean that there is a need and a role for technical assistance and support for capacity building in taking forward Trade Facilitation reforms in developing countries. With regard to the Doha Development Agenda (DDA) negotiations, this includes assistance to enable developing and least-developed countries to participate fully in and benefit from the negotiations. Assistance provided will also in future help partner countries to implement resulting WTO commitments, and can be designed to this end, as well as helping to achieve other objectives.

II. EC AND MEMBER STATE TECHNICAL ASSISTANCE AND CAPACITY BUILDING PROJECTS

3. Trade is a priority area for EC development policy and thus in EC technical assistance and capacity building programming. At the EC level, the European Commission negotiates multi-annual programmes with each partner country or region which set the priorities for the allocation of aid resources. The needs and priorities expressed by beneficiary developing countries, including in relation to Trade Facilitation, are central to this process.

4. The EC and Member States currently finance a number of projects on Trade Facilitation, or with a Trade Facilitation component, around the world. These include support given on a multilateral

basis to relevant international organizations to support activities linked directly to the Trade Facilitation negotiations. Annex 1 provides an overview of the projects financed at the EC level (the EC plans to submit information on activities funded directly by Member States in due course). A number of the projects relate directly to the Trade Facilitation Negotiating Modalities. For information, a few examples of broader infrastructure projects, notably those relating to the construction of port facilities and transit corridors, while not part of the WTO agenda, have also been included as these may help maximise the benefits of Trade Facilitation reforms and give a flavour of EC activities in this field. The list of projects linked directly to the Trade Facilitation negotiations is also not exhaustive, at least in part as projects are continuing to develop. More projects are planned, in part in anticipation of the WTO outcome and the inclusion of Trade Facilitation and customs reforms in several bilateral or regional agreements.

5. Examples of EC Technical Assistance programmes include: (1) in the ACP region, programmes to support Trade Facilitation reforms in the Caribbean region, Southern Africa and the Western African Economic and Monetary Union; (2) trade enhancement projects in Egypt; (3) regional programmes in Latin America, such as the strengthening of the customs union of the Andean Community and a customs co-operation programme for Mercosur; (4) technical assistance programmes for Trade Facilitation in Asia, including projects in Indonesia and the Philippines; and (5) customs and integrated border management projects in Eastern Europe, Central Asia and the Western Balkans. Trade Facilitation is often a component of larger trade related assistance programmes, for example linked to institutional strengthening of trade related institutions. The EC pursues both regional and national projects.

6. Three main implementation mechanisms have been used to deliver EC Trade Facilitation projects. The first mechanism is the provision of assistance through or in co-operation with international institutions with relevant expertise and relevant regional or national bodies. The second mechanism is the provision of assistance through consultancy, with EC experience showing that expertise for Trade Facilitation is not only found within classical consultancy firms but also in academic institutions, semi-public institutions (export agencies, trade promotion institutions, etc.). The third mechanism is twinning arrangements between relevant agencies, including customs, in conjunction with training programmes, including those with specialised institutions.

III. FACTORS DETERMINING THE SUCCESS OF TRADE FACILITATION ASSISTANCE AND SUPPORT

7. The EC has identified the following interlinked issues which play a role in determining the success of technical assistance and capacity building in the field of Trade Facilitation. They may help Members address elements of the Negotiating Modalities.

- Tailoring Trade Facilitation programmes to the needs and priorities of the recipient country, which can vary considerably. In designing programmes, a number of tools have or are in the process of being elaborated, including by the World Bank, the WCO and UNCTAD. When designing programmes, the timetable for their implementation and sequencing is also very important.
- Application of WTO/GATT principles to Trade Facilitation procedures and formalities, including transparency (e.g., availability of information, predictability and due process), non-discrimination (e.g., application of objective criteria and controls).
- Political will at governmental level in the recipient country, to create ownership and ensure demand-driven design and implementation of Trade Facilitation programmes.
- Credibility of the reform programme, both in the short- and long-term.
- Co-operation between donors and providers, including multilateral agencies and partnership with the local and international private sector, who have a lot to contribute. Co-operation can also help donors make the maximum use of their comparative advantage in specific fields.

- Existence of a practical interface between all relevant parties, including customs, other governmental agencies, business associations, traders and other interested parties, in order to improve the quality and acceptability of programmes, to help administer the introduction of reforms and to maintain, review and continuously improve procedures in the light of experience and changing trade patterns.
- Where appropriate, conception and implementation of programmes at the regional level. This is often key for improving transit systems, for example.
- Introducing Trade Facilitation measures as part of a wider reform programme, which could include *inter alia* trade, investment, infrastructure and institutional development geared to economic development and poverty reduction.

IV. CONCLUSION

8. With regard to the DDA Trade Facilitation negotiations, technical assistance and support for capacity building may be needed for developing countries, especially LDCs, if they lack the resources to implement clarified and improved rules. The present submission demonstrates the already extensive assistance being given by the EC in the field of Trade Facilitation. Further to this, in the framework of the EC's development co-operation activities, the EC is prepared to consider positively requests from developing countries for assistance linked to the implementation of future Trade Facilitation commitments, once known.

Annex 1

EC technical assistance and capacity building projects

| Recipient country /region | Project title | Project description | Start | Amount committed (in thousands of €) |
|---------------------------|--|---|-------|--------------------------------------|
| All ACP Facilities | TRADE.COM | As a major general capacity strengthening measure it will fund a network of some 55 regional and national trade advisors throughout the ACP. This could cover Trade Facilitation if requested by the beneficiary country. | 2005 | 50000 |
| Albania | Customs and integrated border management programmes | To contribute to the establishment of rule of law and regional and national economic development by exercising effective border controls and facilitating trade. To ensure that customs systems in Albania remain effective to generate and improve revenue for the functioning of Albania and to improve the ability of the Albanian customs services to detect and prevent illicit trafficking. Upgrading border management, border crossing points and border posts. | 2001 | 20500 |
| Argentina | Trade Related Technical Assistance (TRTA) Programme | Facilitating Argentina's participation and implementation of new and on-going international trade agreements through policy-making support and capacity building activities (including one specific component linked to Trade Facilitation issues of about € 1 or 2 Mio) | 2006 | 1000 - 2000 |
| ASEAN | Trade Facilitation workshop | Trade Facilitation workshop 2005. | 2004 | 75 |
| Bangladesh | Bangladesh Trade Support Programme: Post Cancun | Assist Bangladesh in pursuing a trade and economic reform agenda in line with WTO agreements and build an enabling economic environment. The purpose is to strengthen human resources and institutional capacity of relevant Government Agency and private sector parties in order to introduce trade reforms and remove technical barriers to trade, bearing in mind the links between trade and development, and poverty alleviation. An element of the proposal concerns Trade Facilitation. | 2003 | 7800 |
| Bangladesh | Regional workshop on Trade Facilitation and Custom Reforms in South Asia (Dhaka, 8-10 June 2004) | Seminar co-organised with the World Bank aiming at exchanging good practices at regional level on trade facilitation and customs reform, addressing trade facilitation through a multilateral agreement, practical tools and other support for implementation. | 2004 | 70 |

| Recipient country /region | Project title | Project description | Start | Amount committed (in thousands of €) |
|---------------------------|---|---|-------|--------------------------------------|
| Bolivia | Trade development investment promotion programme | Overall objective: To improve the flow of foreign trade and investments and to encourage the economic development of the country, increase employment, promote steady growth in the Bolivian business sector, and contribute to the fight against poverty. The specific objectives include the strengthening of public and private sector institutions' capacity for technical and administrative management of activities relating to foreign trade and investments an element linked to Trade Facilitation. | 2004 | 6300 |
| Bosnia and Herzegovina | Integrated border management and customs programmes | To ensure efficient movement of goods between BiH and neighbouring countries through design, construction, supervision and refurbishment of selected border crossing posts. Technical assistance and necessary expertise, training, equipment and logistical support, feasibility studies. | 2002 | 34500 |
| Cambodia | Cambodia Multilateral Trade Assistance | Multilateral trade negotiations. Support to trade negotiations, training, technical assistance and support in managing and implementing trade liberalisation and WTO commitments. | 2001 | 2080 |
| Caribbean | Caribbean regional Trade Development Programme | The project is the continuation of two earlier phases of the programme started in 1996 and still ongoing. The overall objective of the programme is to contribute to the strengthening of the CARIFORUM member states, through support of overall trade diversification. The main components of the programme include: competitiveness and quality improvement; economic integration and trade policy formulation; trade information; trade promotion and institutional development. This includes customs. | 2002 | 1471 |
| Caribbean | Haiti & Dominican Republic: Economic Development of the Northern Corridor on the Island of Hispaniola | Contribute to economic and social development of northern regions of Haiti & Dominican Republic through improvements in the road infrastructure of the corridor, increased flow of trade, and facilitation of trade between the two countries. | 2004 | 45000 |

| Recipient country /region | Project title | Project description | Start | Amount committed (in thousands of €) |
|---------------------------|--|--|-------|--------------------------------------|
| Central America | Central American Customs Union | The overall objective is the regional integration of Central America through the creation of a Central American Common Market. The project's specific objective is the creation of a Central American Customs Union initially comprising the territories of the Republics of Guatemala, Honduras, El Salvador and Nicaragua. This objective involves the following aspects: Creation of the Central American Customs Union, the entry into force of which is proposed for 1 January 2006. Telematic interconnection of the customs and fiscal environments of the four recipient countries. Creation of a Central American Customs School with a view to training 360 officials from the customs and tax administrations of Guatemala, Honduras, El Salvador and Nicaragua. The school will also be open to officials from Costa Rica and Panama, which will of course cover the cost of training their officials. | 2001 | 8000 |
| Central Asia | TACIS 2003 Central Asia Action Programme: Border Management in Central Asia (BOMCA) | Cross-border co-operation between border and customs guards of the 3 countries concerned (Kyrgyzstan, Tajikistan and Uzbekistan). | 2003 | 4800 |
| Central Asia | TACIS 2004 Central Asia Action Programme: Customs Modernisation | Development of Central Asian Customs Administrations. | 2004 | 3400 |
| Chile | Customs modernisation | Strengthen national customs services in four areas - rules of origin, customs valuation, intellectual property rights, ATA (temporary admission) books. | 2004 | 6700 |
| China | Regional workshop on Trade Facilitation and Custom Reforms in South Asia (Shanghai, November 2004) | Seminar co-organised with the World Bank aiming at exchanging good practices at regional level on trade facilitation and customs reform, addressing trade facilitation through a multilateral agreement, practical tools and other support for implementation. Target audience was customs officials from the region and representatives from Chambers. | 2004 | 70 |
| Croatia | Integrated border management programmes | Contribution to facilitating movement of people and goods, secure Croatia's borders and ensure regional stability through institution and capacity building for individual border agencies, as well as facilitating inter-agency co-operation. Development of a national border management information system. | 2002 | 28450 |

| Recipient country /region | Project title | Project description | Start | Amount committed (in thousands of €) |
|---------------------------------------|--|---|-------|--------------------------------------|
| Egypt | Trade enhancement programme (TEP-B) | The TEP-B programme aims at encouraging and accelerating the implementation of policies and reforms already decided and carried out in their essential principles by the Egyptian government, but still insufficiently implemented and deserving to be intensified and extended. These policies and reforms aim primarily at reducing the duration and the costs of foreign trade operations (esp. import, export and transit of goods). | 2003 | 40000 |
| Egypt | Trade enhancement programme (TEP-A) | Through a comprehensive Trade Enhancement Programme the EC will support Egypt in implementing trade liberalisation including with regard to Trade Facilitation. | 2002 | 20000 |
| Egypt | Trade enhancement programme (TEP-C) | The programme supports reforms carried out by the Egyptian Customs authorities. The focus is on institutional capacity building, technical assistance and training of the Customs middle management. | 2003 | 6000 |
| Georgia | Statistics / Customs | Support to the Georgia State Border Guards. | 2002 | 2400 |
| Former Yugoslav Republic of Macedonia | Customs and integrated border management programmes | Technical Assistance in the area of custom. Upgrade of border management system, border crossing points and border posts. | 2003 | 13500 |
| Mexico | Programme for the Facilitation of the EU-Mexico Free Trade Agreement | The aim of the project is stimulate economic development via increased trade flows resulting from a better functioning of the EU-Mexico Free Trade Agreement. The project is expected to improve the functioning of the free trade area between Mexico and the EU. The European Commission and the Mexican Government have tentatively identified a number of areas where they consider that enhanced cooperation could have a significant and positive impact for operators of both sides. Among them, customs co-operation. | 2004 | 8000 |
| Moldova | Border management | Training to the customs and border guard service on the Ukrainian border to promote their professional skills with the aim of reducing the flow of illegal immigrants and criminal activities. | 2002 | 1700 |
| NIS | Border crossing | Interventions at Suopera-Kortalsalmi road borders. | 2002 | 6000 |
| Oceania | Pacific ACP Regional Economic Integration Programme (REIP) | Regional programme that includes Trade Facilitation elements. | 2003 | 9200 |

| Recipient country /region | Project title | Project description | Start | Amount committed (in thousands of €) |
|--|---|--|-------|--------------------------------------|
| Philippines | Trade-related technical assistance in the Philippines | Major activities under the Trade Facilitation component are: development, installation of and training on a risk management system; installation, customisation of and training on a valuation database; and Customs human resources development strategy upgrading, and development of the Customs Academy's courseware and training. | 2005 | 1300 |
| Serbia and Montenegro | Customs and integrated border management programmes | Modernisation and development of the Federal Customs Administration and customs area, support to the customs and taxation administration, improve the main border crossing, 'technical assistance and necessary expertise, training, equipment and logistical support, feasibility studies. | 2002 | 41200 |
| Serbia and Montenegro/Kosovo as defined by UNSCR1244 | Customs & Taxation | Assist the local Authorities to complete a comprehensive programme of modernisation and development of the Customs Administration. | 2002 | 2500 |
| South America | EU-Mercosur Customs Co-operation | The project aims at contributing to customs integration and setting up a commons market by introducing a second phase of customs EU and support market growth. | 2001 | 5300 |
| South of Sahara | Ecowas capacity building for regional integration | Project launched in 2002 to improve the capacity of the ECOWAS Secretariat in its role to give direction and coherence to regional integration initiatives. The project will strengthen the ability of the Secretariat to provide information and analysis of regional integration issues, to formulate and implement externally funded projects, to interact with the member states and with other regional organizations, to accelerate the processes of eliminating tariff and non-tariff barriers on trade within the region and harmonising external tariffs. | 2002 | 1950 |
| South of Sahara | ICT Programme | The purpose of the project is to stimulate electronic commerce through provision of high-speed Internet connectivity to key regional stakeholders and installation and use of ASYCUDA++ in selected countries and improved and more efficient access to economic, commercial and practical information for the public and private sector through establishment of regional internet portals, information clearing houses and database-driven websites coupled with improved SMEs ICT skills. | 2004 | 21000 |

| Recipient country /region | Project title | Project description | Start | Amount committed (in thousands of €) |
|--|---|--|-------|--------------------------------------|
| Sri Lanka | Trade Development Project | Strengthening the capacity of the government of Sri Lanka and other stakeholders in understanding and managing WTO negotiations and meeting Sri Lanka's commitments from WTO agreements including in the field of Trade Facilitation. Contribute to diversifying and strengthening Sri Lankan exports. | 2003 | 1400 |
| Syria | Support to the Ministry of Finance - Syria | Modernisation of Ministry of Finance - customs, taxation | 2004 | 8000 |
| Syria | Institutional Sector Modernisation Facility - ISMF | Assist the Syrian Government in the formulation and implementation of a modernisation programme and in the preparation and implementation of the Association Agreement with the EU. Includes review of legislative and regulatory framework, e Government and assistance in streamlining the mechanism of granting import licences. | 2003 | 21000 |
| Tajikistan | Central Asia 2003 Action Programme: Tajikistan Customs | Support to customs. | 2003 | 500 |
| the countries under the "Stabilisation and Association Process". | CARDS Regional - Action Annual Programme 2003: Integrated Border Management | Integrated Border Management strategies and action plans. | 2003 | 1000 |
| Thailand | Small Project Facility - Trade Development | This includes issues resulting from the WTO Doha Ministerial Declaration and trade policy issues including in respect to Trade Facilitation. | 2003 | 5000 |
| Turkey | 2003 National Programme for Turkey: Customs modernisation project | Strengthening the administrative and legislative environment of the Turkish customs administration and its capacity with regard to customs controls and laboratory tests. | 2003 | 5000 |
| Turkey | 2004 National Programme for Turkey: Modernisation of the Turkish Customs Administration | The project aims at modernising the Turkish Customs Administration (TCA), in order that it: Among others, strengthens customs enforcement operations to meet the responsibilities for the protection and control of the external borders of the enlarged EU; strengthens the infrastructure of customs laboratories, and creates a centralised customs archive facility. | 2004 | 22550 |
| Turkmenistan | Central Asia 2003 Action Programme: Turkmenistan Customs | | 2003 | 500 |
| Ukraine | Enhancing Border Management. Reform and Modernisation of the State Customs Service of Ukraine | Capacity building (training and equipment), supply of equipment for the Customs Service, introduction of a border management strategy, identification of operational objectives and training of staff for the State Border Guard Service. | 2004 | 21440 |

| Recipient country /region | Project title | Project description | Start | Amount committed (in thousands of €) |
|---------------------------|---|--|-------------------------|--------------------------------------|
| Uzbekistan | Central Asia 2003 Action Programme: Uzbekistan Customs | Support to customs. | 2003 | 1000 |
| Viet Nam | Vietnam MUTRAP II - Multilateral Trade Assistance Project | Capacity Building WTO accession, research, co-ordination of WTO projects. Services, SPS, TBT, Trade Facilitation, agriculture and horizontal issues. | 2003 | 5100 |
| West Africa | Ecowas capacity building for regional integration | Project launched in 2002 to improve the capacity of the ECOWAS Secretariat in its role to give direction and coherence to regional integration initiatives. The project will strengthen the ability of the Secretariat to provide information and analysis of regional integration issues, to formulate and implement externally funded projects, to interact with the member states and with other regional organizations, to accelerate the processes of eliminating tariff and non-tariff barriers on trade within the region and harmonising external tariffs. | 2002 (ended March 2005) | 1950 |
| West Africa | Support for transport facilitation | Technical Assistance to ECOWAS to support the implementation of the regional road transport and transit programme. | 2004 | 2000 |

Examples of EC infrastructure projects

| Recipient country / region | Project | Amount (in € thousands) |
|-----------------------------------|--|--------------------------------|
| Africa (Northern Corridor) | Northern Corridor rehabilitation | 78,184 |
| Africa (Southern Corridor) | Southern Corridor rehabilitation | 32,000 |
| Africa (West African highway) | Freetown-Conakry Highway | 17,800 |
| Chad | Doba-Sahr route – technical studies, etc | 747 |
| Comoros | Study on maritime access at Moheli | 41 |
| Congo (Democratic Republic of) | Support programme for transport rehabilitation | 80,000 |
| Guinea | Conakry autonomous port | 12,000 |
| Kenya | Northern Corridor rehabilitation programme – phase 1: Sultan Hamud – Mtito Andei road | 175 |
| Mauritania | Study for tanker port | 700 |
| Morocco | Budgetary support programme for transport sector reform | 96,000 |
| Mozambique | Feasibility study on sections of the Nacala transport corridor | 150 |
| Saint Vincent and the Grenadines | Rehabilitation of the Windward Highway – Whyrehab | 6,400 |
| Suriname | Rehabilitation, upgrading and institutional strengthening of the Nieuwe Haven Terminal, Paramaribo | 29,800 |
| Suriname | Environmental impact study on the reconstruction of the road ferry terminal | 66 |
| Tanzania | Rehabilitation of Zanzibar port | 709 |
| Tunisia | Port sector modernisation | 20,000 |

—————