



FIATA PUBLIC STATEMENT

“Freight Forwarders, Logistics and the Building Blocks of Free Trade”

International Trade is the fundamental building block of the development and prosperity of each state and nation in the world today.

International trade has always been very important and the most successful civilisations of the past have thrived and prospered thanks to their ability to create and facilitate trade both internally and with neighbouring states and empires. Peaceful trading has been always the recipe for prosperity and better living conditions. The ancient “Silk Road” between East and West and the Roman empire roads and just two of the many examples where trade facilitation was considered the crucial element to ensure peoples’ prosperity.

With free trade increasingly challenged on several fronts in recent times and in the light of recent trends observed in US trade policies (as well as in other countries), freight forwarders and logistics service providers decide to speak up to reconvene the benefits of the open, liberal and global trading system which has been built in the last few decades and has ensured better living conditions to the vast majority of humanity. Economic globalisation has sadly become the scapegoat to justify many internal shortcomings, but local and global problems are not caused by it.

China’s President Xi mentioned at this year’s World Economic Forum¹ that unrestricted international commerce promotes a harmony of interests among nations, increases social welfare, leads to a more efficient allocation of resources, in particular if they are scarce, and spreads innovations across the globe. Fighting poverty and promoting trade liberalisation are partners in development. As the OECD explains, open economies grow faster. Open markets matter as trade openness can be tangibly measured in terms of economic growth, productivity and a higher standard of living. There is more: stronger institutions, better infrastructure, and even peace in the long run depend on well-functioning and unrestricted international trade.²

Concretely, the World Bank reported that per capita real income grew more than three times faster for developing countries that lowered trade barriers (5.0% per year) than other developing countries (1.4% per year) in the 1990s.³ There are concerns that undoing free trade agreement may actually work in the opposite direction. Furthermore, the development of an open, rule-based, predictable, non-discriminatory trading system is part of Millennium Development Goal 8, which seeks a global partnership for development. Thus, free trade is an opportunity, not a risk, for all regions including developed, developing, landlocked developing and least-developed countries. FIATA Members take the view that free, facilitated international trade directly contributes to the achievement of the majority of the UN Sustainable Development Goals, in particular 1, 2, 3, 7, 8, 9, 10, 11, 12, 16 and 17.⁴

As principal trade facilitators freight forwarders and logistic service providers are spurred by free trade and have a key role to play in increasing the sustainable, affordable development of our economies.

¹ "President Xi's Speech To Davos In Full". World Economic Forum. N.p., 2017. Web. 31 Jan. 2017.

² "Why Open Markets Matter - OECD". Oecd.org. N.p., 2017. Web. 30 Jan. 2017.
<http://www.oecd.org/trade/whyopenmarketsmatter.htm>

³ World Bank (2010), World Development Indicators, on-line edition

⁴ <https://sustainabledevelopment.un.org/?menu=1300>

They are able to think of supply and demand in a holistic manner, responsive to the fact that supply chains do not stop at national or regional borders and rarely use one mode of transport only. The forwarding industry is constantly evolving and adapting in order to organise efficient, effective and timely multi-modal door-to-door transportation and to help secure sufficiently large flows of freight by eyeing smart, seamless networks of interconnected corridors and hubs supporting advanced services. Our services are the backbone of international trade and make it conceivable. Over the years the industry has learned to think out of the box and adapt to challenging forces that range from shifting demand patterns, more complex and global sourcing, changing relationships with shippers, telecommunication and electronic data processing⁵. Based on the industry's resilience there is no requirement of additional regulation at international level, while the top intervention areas that would offer a development dividend for all countries are infrastructure policy, research, education and awareness. However, there is a precondition which must be present at all times, states and governments must firmly desire better conditions for their citizens, politicians should not use a short-sighted approach to decision making. Losing faith in international cooperation leads to futile contemplation and sterile fire-fighting from one insurgence to another. In the end social unrest prevails and this could jeopardise peace.

The role of governments come to the fore in dealing with cutting red tape and creating facilitation opportunities, enhancing harmonisation, implementing international agreements, investing in education, promoting skills' creation and quality of study, updating, upgrading and maintaining infrastructure, promoting public and private investment in key infrastructure and seeking international coordination, not regional segregation. With these elements logistics becomes a powerful enabler of prosperity and the precious ally of good government in creating happier and more successful citizens.

More in detail, as we try also to promote the WTO Trade Facilitation Agreement which is now coming into force, forwarders require better data management to provide end-to-end visibility of manufacturing capacity, inventory holdings, transport availability and all the necessary metrics on a global visibility scheme. Thus, more cross border continuity and reliability within the supply chain is required through facilitation tools such a Single Window for Customs, which can be conceived as a strong enabler of better trade. FIATA has been in the front line to promote the TFA both globally and at national level.

Today, freight forwarders stand for a trade policy that focusses on sustainable development and prosperity. Progress translates into investing in infrastructure and trade facilitation instruments, with a view to ensuring sustainable services with logistics connectivity and reduction of trade transaction costs, refuting protectionism as it is dangerous to development. Roads, railways, ports and airports deliver economic and social benefits by connecting agricultural, mining and manufacturing producers to international, regional and local markets. Thus, long term initiatives should focus on updating, upgrading and maintaining infrastructure, as well as promoting infrastructure development as a means to the end stagnation and promoting growth and jobs in a sustainable manner. This must go hand in hand with trade facilitation measures taken in coordination with trade partners and bureaucracy simplification. Without the right policy settings, it is difficult for any country to harness the opportunities for local industries to participate in global value chains. Policies should experience a paradigm shift from control to trust-based regulation, a paradigm where freight forwarders are at shippers' service with expertise, information and organisation, helping them to uphold compliance and sustainability, involving all the stakeholders in the supply chain. Supporting this paradigm shift, FIATA stands together with its over 40,000 members, who are rooted in the tradition of free trade and open to the world economic order.

FIATA looks forward to continuing this dialogue with all interested parties.

⁵ "Freight Forwarders: Thinking Outside the Box". *Atkearney.com*. N.p., 2017. Web. 31 Jan. 2017.
<https://www.atkearney.com/documents/10192/361023/Freight-Forwarders-Thinking-Outside-the-Box.pdf/fc0e4629-4595-43b5-8300-3999d2207c02>

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About FIATA

FIATA, the International Federation of Freight Forwarders Associations, was founded in Vienna, Austria on May 31st 1926. It is a non-governmental organisation that today represents an industry covering approximately 40,000 forwarding and logistics firms, employing around 10 million people in some 160 countries. FIATA has consultative status with the Economic and Social Council (ECOSOC) of the United Nations (inter alia ECE, ESCAP, ESCWA, etc.), the United Nations Conference on Trade and Development (UNCTAD), and the UN Commission on International Trade Law (UNCITRAL) as well as many other UN related bodies, e.g. the World Bank. It is recognised as representing the freight forwarding industry by many other governmental organisations, governmental authorities, private international organisations in the field of transport and logistics, such as the European Commission (through CLECAT), the International Chamber of Commerce (ICC), the International Air Transport Association (IATA), the International Union of Railways (UIC), the International Road Transport Union (IRU), the World Customs Organization (WCO), the World Trade Organization (WTO), etc. For further information, please go to: www.fiata.com

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