



**2014 – 2015**  
**FIATA**  
**POSITIONS PAPERS**

Freelimages.com/Diane Groves.

**Zurich, September 2015**

Dear Reader,

2015 FIATA World Congress takes place in early September and this makes it impossible for participants to benefit from the traditional Congress copy of the FIATA review.

The FIATA secretariat has therefore produced a collection of our recent position papers, which members can read and use all in one single document. This is an instrument that Association Members may use in their advocacy with their own ministries and governments.

The views of FIATA are the reference opinions that prevail in our sector and they are adopted by the well-established mechanism of the FIATA Institutes and Advisory Bodies.

Members are encouraged to read and make use of the following position papers and promote their knowledge as widely as possible.

Yours sincerely,



Francesco S. Parisi  
FIATA President

## FIVE KEY STATEMENTS FOR THE UNITED NATIONS

### *Sustain YOUR Future with Logistics Connectivity*

1. Prosperity comes from working hard and trading effectively. Many are ready to work hard, but trading effectively depends on fair conditions surrounding them. We must work together to create these fair conditions.
2. Effective trade needs connectivity and facilitation. Imagine the economic impact of enhancing logistics connectivity to stretch trade to endless portions of the earth. It is our world, all peoples must have their share.
3. Sustainable logistics ensures that food produced in the best climate reaches our plates all over the world with the least well-to-wheel environmental impact.
4. Appropriate investments ensure health, logistics connectivity ensures health; states may not all possess the required resources locally, but good logistics routes make it possible to benefit from one another's medication and treatment.
5. Logistics connectivity is not only a means to an end, like throwing a rock in a pond the impact of logistics connectivity will ripple into multiple industries and activities creating employment opportunities and better living for all people of the world.

**Publication Date: November 26, 2015**

## THE TRADE FACILITATION AGREEMENT

### *Main instrument of development for better global trade*

The World Trade Organisation's (WTO) Trade Facilitation Agreement (TFA) reached in Bali in December 2013 is a major step in favour of greater facilitation in global trade. FIATA applauded the agreement precisely at the time it was taken having travelled to Bali on that occasion. Consequently FIATA also welcomed the successful breakthrough in November 2014, which enabled the WTO, their members and other International Organisations to continue the implementation work required by the treaty.

FIATA, the International Federation of Freight Forwarders Associations today represents an industry covering approximately 40,000 forwarding and logistics firms, employing some 10 million FTE's in 160 countries. FIATA maintains its full support to the WTO as this historic Agreement is expected to deliver greater facilitation to trade in times when better trade could lift more and more countries out of poverty, increase the welfare of the more developed nations and contribute to better health and human conditions all over the world, coming to assist the process of establishing the new sustainable development goals of the post-2015 agenda.

The TFA's implementation offers a crucial opportunity to achieve important trade facilitation commitments on a global scale and is, in so doing, importantly assisted by the instruments that have been prepared by the patient work of the World Customs Organisation with their revised Kyoto Convention and other Customs and facilitation related instruments. A swift implementation of the agreement would promote simplification of Customs procedures globally and it could contribute to creating an even more collaborative approach in the contracting parties on many levels.

Trade facilitation initiatives, aiming to facilitate international trade transactions by reducing border-related impediments to the multimodal flow of goods, are of paramount importance to the international multimodal

freight forwarders' and logistics providers' industry. Trade facilitation measures provide economic benefits to all participants in the supply chain and support economic growth in a win-win relationship for all parties involved, there including the authorities which are best placed to reap the benefits of the cost saving that facilitation provides.

The TFA text contains significant trade facilitation obligations and recommendations for its signatories with regard to cross border operations, notably with regard to the use of information technology; FIATA takes the view that a harmonised, forward looking and compliant implementation of these provisions is the key factor which will afford sustainable growth to the countries that will swiftly implement the agreement. FIATA further notes that the link between advance cargo information for security and the data required to fulfil other regulatory requirements, e.g. fiscal and revenue related declaration may be connected, but are not the same and may obey to different constraints, in particular in regards of timing. FIATA has always supported such an outcome and is pleased that the WTO had put this forward as a facilitation aspect, now awaiting economies which have not yet availed themselves of this instrument and are WTO members to work in this direction.

FIATA also noted with interest the recent commentary in the Report of the World Customs Organisation (WCO) Policy Commission as to its Working Group on the WTO Trade Facilitation Agreement. The WCO commented in particular as to members of the WCO (the Customs administration in member economies) as to the creation of a National Committee on Trade Facilitation to give effect to Article 23.2 of the Agreement on Trade Facilitation. This is a crucial step that can significantly contribute to increasing the awareness of the effectiveness of the Agreements by giving measure of their reach.

All FIATA Members have been alerted and encouraged to provide their input and assistance in the establishment of these committees and to significantly contribute to their success.

FIATA sees that improvements in the regulatory interface with logistics service providers to international traders could be part of the Committee outcomes and in terms of facilitation would see the WTO TFA signatories states should constitute such National Committees and determine their terms of reference and membership by making sure that logistics and supply chain related services are appropriately represented by freight forwarders and Customs agents in their formation.

FIATA therefore strongly encourages the WTO signatory countries competent authorities (e.g. Customs, Department of Trade, Department of Foreign Affairs, Ministry of Finance, etc.) to engage with FIATA Association Members in their own countries to further assist the swift and efficient implementation of the agreement as widely as possible in the world.

FIATA is naturally available for all parties concerned to assist with information and suggestions with a view to achieving a harmonious implementation of the agreement.

For more detailed information please contact the FIATA Secretariat.

**Publication Date: May 12, 2015**



Freelimages.com/Brian Griesbaum.

## OPEN LETTER TO THE UNITED NATIONS

**UN High Level Political Forum on Sustainable Development**  
**Division for Sustainable Development**  
**Department of Economic and Social Affairs**  
**New York, NY 10017, USA**

Distinguished and Honourable Delegates,

**Subject: Logistics Connectivity: the prerequisite to achieve Sustainable Development.**

On behalf of FIATA, may I take this opportunity to express our appreciation for UN's support of sustainable transport with a view to ensure the attainment of the Sustainable Development Goals (SDGs)? The reforms and declarations you are currently discussing in the UN High Level Political Forum on Sustainable Development (HLPF) has the potential to positively influence international trade and consequently the freight forwarding and logistics industry, which FIATA represents. With such an impact forthcoming, FIATA would like to share with you our stance on a more sustainable logistics industry for post-2015 development agenda. The incorporation into the post-2015 Agenda of major trade facilitators, such as logistics connectivity and trade facilitation, may be regarded as a challenging task for the HLPF, but it will be critical towards the fulfilment of the proposed SDGs.

The SDGs are now coming into their final stage of solidification before the September Summit. Having extensively reviewed the proposed Goals and Target Document put forth by the Open Working on Sustainable Development (OWG), we immediately recognise that logistics needs to play a bigger role in order to secure sustainable development.

FIATA is aware that the 7th Session of the OWG meeting recommended that there should not be a dedicated SDG on transport and that the cross-sectorial nature of transport is best served by integrating transport in a range of SDGs. This is however a view which FIATA members cannot completely share, if logistics connectivity is not fully integrated in the goals. Although the concept has not been ignored in the OWG's document, there still remain multiple areas within the proposed goals and targets where the benefits of incorporating a concept such as logistics connectivity could increase the likelihood of achieving the SDG through better trade. These areas are extensively highlighted in FIATA's published position paper to the OWG in October last year.<sup>1</sup>

The UN HLPF will be highly focused on Post-2015, reviewing and monitoring the implementation of the SDGs after they have been ratified, however, these early discussions are important to position the SDGs in a way to ensure their success and subsequent measurement. Therefore it is important to engage early, prior to the ratification of the SDGs and incorporate concepts of logistics connectivity into SDG's development. This is not only commendable with a view to achieving good, balanced and affordable SDG's, but it will pave the way of implementation and measurement. Early investments in logistics connectivity will have immense returns during in the Post 2015 era ensuring more efficient progress reports. FIATA advises the UN HLPF to take early action to ensure that logistics is embedded into the SDG process, as this will save time and resources in the long run. Logistics connectivity can work as a driving force with regard to economic growth, whilst working towards the achievement of environmental targets by reducing emissions. In this light FIATA believes that the high level political guidance of the United Nations in the High Level Political Forum setting can powerfully reflect the concept of logistics connectivity in Member States' policies, in particular if this is appropriately considered at the light of the double incentive it can provide in driving emissions down by reducing congestion and in boosting prosperity through better trade. Today, the most modern and dynamic industries are transnational, since they are the result of an integrated system of global trade and production. Therefore, there is a need to ensure logistics connectivity, especially to developing countries, which will depend highly on the level of connectivity they have developed in their logistics networks, and this in particular for their SME's which are more dependent on market access.

In order to assure options for traders and a sustainable future for citizens, FIATA emphasises more focus on enhancing logistics connectivity in conjunction with greater trade facilitation by interconnecting all modes of

transport to offer seamless travel, better lead times, less congestion, more job opportunities and great movement of goods and stimulus economic package.

We anticipate governments will focus on key policy instruments including taxation, financial incentives, regulation, liberalisation in order to implement the SDGs. Many of these policies will have freight move in the most promising way for easing environmental and congestion problems, as well as freeing up budgets to invest in infrastructure. If the requirement to invest in logistics connectivity is not clearly perceived at inception, it is possible that inefficiencies prevail with trade suffering and prosperity finally remaining a dream.

As the rise of environmental challenges in the coming years, in particular climate change, may place pressure on governments to curtail logistics activity, there will be a need to highlight the immense benefits of investing in sustainable logistics growth, which will bring forth the right combination of economic and environmental benefits. Developing consistent global policy on sustainable logistics connectivity can impress the required acceleration to achieve interconnected production and consumption, but failing to do so may increase the expenditure by introducing a cost for inaction which may defeat all efforts toward development.

FIATA has unanimously embraced the concept of logistics connectivity and thus created a high powered group under the Advisory Body of International Affairs (ABIA), whose members focus in particular on the topic of sustainable transport. Through FIATA's democratic and well established policy making structure ABIA members are ready to contribute to this process and provide their support. This is a unique body of decision makers from an impressive group of countries within the Private Sector.



Freelimages.com/John Nyberg.

We thank you in advance for your consideration and remain at your fullest disposal to discuss this topic in greater detail if appropriate.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'F. Parisi'.

Francesco S. Parisi  
FIATA President

**Publication Date: April 28, 2015**

## IMO/ILO/UNECE Code of Practice for Packing of Cargo Transport Units (CTU Code)

### Preamble

The 1st IMO/ILO/UNECE Guidelines for Packing of Cargo Transport Units were published in 1997 and they applied to transport operations by all surface and water modes and to the entire intermodal transport chain.

In 2011, the International Maritime Organization (IMO), the International Labour Organization (ILO) and the Economic Commission for Europe (UNECE) set up a group of experts to revise the Guidelines so that they would reflect the latest information, best practices, and requirements on this matter. The three organisations decided to upgrade the revised guidelines to a Code of Practice by including more details and technical content.

The Group of Experts held four sessions (FIATA attended all meetings and reported at the MTI Sessions) from 2011 to 2014 and completed a Code of Practice providing guidance, not only to those responsible for packing and securing cargo, but also to those who receive and unpack such units.

## **Scope**

The aim of this IMO/ILO/UNECE Code of Practice for Packing of Cargo Transport Units (CTU Code) is to give advice on the safe packing of cargo transport units (CTUs) to those responsible for the packing and securing of the cargo, and by those whose task it is to train people to pack such units. The aim is also to outline theoretical details for packing and securing, as well as, to give practical measures to ensure the safe packing of cargo onto or into CTUs.

The full adoption of the IMO/ILO/UNECE Code of Practice for packing cargo transport units (CTU Code) has recently taken a massive step forward. The United Nations Economic Commission for Europe (UNECE) moved to protect the lives and safety of both workers and the general public by endorsing the draft document without amendment at its session on February 17th 2014 and the IMO on May 19th 2014. Finally the Governing Body of ILO has endorsed the CTU Code during their 322nd session held from 30 October - 13 November 2014.

## **FIATA's Position**

The Multimodal Transport Institute (MTI) thinks that the new Code of Practice should be embraced and recognised globally. Although the code in itself is not mandatory, it is FIATA's view that this may be adopted into the National Legislation of some countries.

This Code of Practice is a comprehensive document and we strongly encourage all Association Members to create awareness with their members. The professional lashing and securing of transport units (such as containers) is at least as important as the declaration of the actual weight.

The Code of Practice could be downloaded from the UNECE website:  
<http://www.unece.org/trans/wp24/guidelinespackingctus/intro.html>

For more detailed information please contact the FIATA secretariat.

**Publication Date: December, 2014**

## **REVISITING THE YAMOUSSOUKRO DECISION**

### **About FIATA**

FIATA, the International Federation of Freight Forwarders Associations was founded in Vienna, Austria on May 31, 1926. It is a non-governmental organization that today represents an industry covering approximately 40,000 forwarding and logistics firms, employing around 8-10 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), the United Nations Conference on Trade and Development (UNCTAD), and the UN Commission on International Trade Law (UNCITRAL). It is recognized as representing the freight forwarding industry by many other governmental organizations, governmental authorities, private international organizations in the field of transport 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.

### **Understanding the issues**

For a number of years FIATA has been following the challenges faced by its African members having established one of its Regional Bodies in the Region Africa Middle East with a view to identify and work on the emerging issues of this crucial area. The African continent possesses enormous economic potential, but it is also faced with challenges, in particular surrounding its transport and logistics sector.

These challenges are focused within five key areas:

- Insufficient Transport infrastructure, not strong enough to sustain development
- Improving the quality of service providers

- Ensuring Safety and Security: more work is required to reach harmonised international standards
- Implementing best practices of integrity in public and private sector to fight corruption
- Insufficient consistency of policy regulation

With its diverse landscape and 16 land-locked countries, development projects, backed by investment from the international donors' community to stimulate the continent's growth, should be launched in a well-coordinated manner.

FIATA believes that investments in a robust and world-class infrastructure across the 53 African countries are required in order to ensure economic prosperity throughout Africa. There is a well- documented relationship between the development of infrastructure and the increase of prosperity, as it has been recalled in FIATA's submissions to the United Nations with regard to the post-2015 Sustainable Development Goals agenda. This will however take a considerable amount of time, effort, and financial resources before becoming feasible. In other words, let us work swiftly on infrastructure, but this is not enough at this point in time.

In Africa, all modes of transport play a critical role in stimulating the continent's economy and we should therefore keep sea, road and rail presently in mind. One particular mode though, air transport and airfreight in particular, seems to be unable to reach its full growth potential within the region; the reasons for falling short of this opportunity may not necessarily be due to missing infrastructure, but they could actually be connected with the fifth of the above mentioned critical elements.

FIATA is therefore urging policy makers in the region to revisit regulation involving the air transport industry with a novel approach by looking at airfreight as a serious opportunity for the development of their countries. There is an existing agreement which, if further implemented, can instigate new rules for the air transport sector in Africa. In a world in quest of uniform and safe rules, Africa has the right legal instrument in place and could bank on its existence.

The Yamoussoukro Declaration has been established in October 1988 as an African Civil Aviation Policy agreement geared towards a comprehensive reform of the air transport industry and the unification of the fragmented African air transport market. A decade later, in November 1999, the Yamoussoukro Decision has been implemented to liberalize intra-Africa air transport markets.

The Yamoussoukro Decision, which became fully binding in 2002, unfortunately has yet to produce the expected widespread effects on improving Africa's air transport circumstances. This was confirmed in a report published by the World Bank which stated that "only a few cases of the exercise of new air traffic rights granted by applying the principles and mechanism of the Yamoussoukro Decision have been observed." In this light FIATA believes that it is time for a change of gear.

### **An Emphasis on change in policy**

The Yamoussoukro Decision, in theory, was an essential agreement which Africa expected would stimulate growth throughout the region. The reality was that its implementation within Africa was lagged due to insufficient cooperation, competing and different priorities, and the absence of unison among industry players, who have been unable to advocate for their wider interest. With a view to promoting the Yamoussoukro Decision reaching the impact that Africa had expected more coordination and collaboration between public and private is required. At the current stage, Africa's air space is still seeking initiatives that would result in a more liberalised market.

It was evident that the implementation the Yamoussoukro Decision had not been given the right tools to succeed and therefore, in its absence, this created an increase in the number of bottlenecks in the air transport industry in Africa.

Some of the emerging and/or developed bottlenecks (and the consequent gear change required) include:

- The absence of traffic rights and the lack of open or fair landing rights.
  - With intra-Africa trade growing at 20 percent the in the last decade, it important to eradicate the

- closed skies concept and allow for intra-Africa services and fifth freedom operation as widely as possible within the continent.
- The need to remove any protectionist policy for local in-operational airlines.
  - Countries in Africa tend to be more receptive to international airlines than regional and pan-Africa operators. It does make sense to put all operators on the same level playing field, as liberalised as possible in regards of the common access rules.
- The Ground handling sector remains in the hands of the public sector, not an issue per se, but best practice could assist.
  - Studies have found that sectors which are supervised by the public sector whilst managed by the private sector tend to be more efficient and experience faster growth and often better services.
- Privatization of facets in handling, security and scores of others require assistance to progress.
  - With enhanced privatisation comes the need for more Public Private Partnerships (PPP) which bridges the gap between both sectors and develops a common understanding of moving forward.

In order to tackle these issues surrounding Africa's air transport sector, FIATA suggests that the Yamoussoukro Decision be revised by adopting appropriate protocols for the enhanced implementation of its principles, by privileging the following areas:

- Courageous policy: i.e. Governments should feel encouraged to work with one another and with other stakeholders in more close cooperation.
- Greater facilitation: i.e. a broad-minded Implementation of agreements and protocols that would honour the fifth freedom air traffic rights.
- Investing in the future: i.e. increased competency ensured by receptiveness and support to training and development in the logistics sector
- Holistic view: i.e. a multimodal approach to transport for air, road, rail, sea and their combination in order to address transit bottlenecks.
- Cutting red-tape and duplication: i.e. interconnected (or even interoperable) Single- Windows to facilitate the relationship between the regulator and trade.

## Conclusions

FIATA wishes to highlight that the immediate result of the re-implementation of Yamoussoukro Decision would require little upfront investments.

With key focus on specific bottlenecks and a re-focused implementation approach toward open skies and the fifth freedom air traffic rights, FIATA believes this policy action would result as a catalyst to initiate transformation and progress in Africa's development and eventually kick-start the process to review its infrastructure needs.

FIATA is a supporter of the Yamoussoukro agreement and we look forward to continuing the discussion on its re-implementation. With over two decades behind us since the decision of the Yamoussoukro agreement had been reached FIATA believes that the revival of the agreement seeking a new focused and targeted implementation initiative would realise the fulfilment of the Yamoussoukro agreement's objectives and contribute to creating greater prosperity in the African continent through better trade.

We remain available to discuss any of these key points with the institutions and other stakeholders in the African region with a view to the facilitation of African trade.

For more information please contact the FIATA secretariat.

**Publication Date: September 2014**

## More Logistics Connectivity in the Goals and Targets of the Open WG!

### Preamble

FIATA, the International Federation of Freight Forwarders Associations was founded in Vienna, Austria on May 31, 1926. Today FIATA is a non-governmental organisation that represents an industry covering approximately 40,000 forwarding and logistics firms, which employ around 8-10 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), the United Nations Conference on Trade and Development (UNCTAD), and the UN Commission on International Trade Law (UNCITRAL). It is recognised as representing the freight forwarding industry by many other governmental organisations and authorities, such as the World Customs Organisation (WCO), the World Trade Organisation (WTO), as well as private international organisations in the field of transportation the International Chamber of Commerce (ICC), the International Air Transport Association (IATA), the International Union of Railways (UIC), the International Road Transport Union (IRU). It is also represented through its members at the level of a great many individual governments and the European Union.

### Targeting Sustainable Development

On 22nd of January 2013 the 30-member Open Working Group (OWG) of the UN General Assembly was established with the task of preparing a proposal on the next Sustainable Development Goals (SDGs) for the post 2015 development agenda. The OWG has met 13 times since January and prior to the 12th OWG meeting the co-chairs published a document, which lists 17 SDGs for the first time. Supported by a wide range of targets<sup>1</sup> these proposed goals are gaining momentum in view of the adoption of the Sustainable Development Goals, which is supposed to be reviewed at the 69th session of the UN General Assembly from 16 to 29 September 2014. UN Secretary-General Ban Ki-moon will then submit a synthesis report in November, in order to prepare the ground for the final adoption of SDGs in September 2015.

FIATA has been following the OWG's laudable efforts by advocating for the inclusion of logistics connectivity in the design of the main SDGs with a view to achieving enhanced trade facilitation. Trade facilitation is seen by FIATA as a means to an end, in as much as it would foster better trade and therefore greater prosperity, especially in those countries that are today excluded from the main trade lanes of the world.

With the release of the 17 SDGs, trade facilitation has been mentioned in proposed targets 8a, 9.2 and 17.2, 17.3 in the newly published document. These specified targets seek to enhance trade in developing countries through improved connectivity; however FIATA advocates that more emphasis and focus should be placed on logistics connectivity beyond the text of proposed targets. There are two main reasons for advocating for greater emphasis, the first being that the intimate connection between trade facilitation and sustainable development, as recently discussed in the FIATA World Congress of Istanbul is still a concept that fails to be perfectly absorbed by policymakers. The second reason is fairly obvious and it has to do with the need to focus on objectives that are susceptible of creating a virtuous cycle in the achievements of the goals. Logistics connectivity for trade is the perfect example of such a multiplier.

### Review of the targets

#### ***Target - 8.a improve Aid for Trade support for developing countries, notably through the Enhanced Integrated Framework for LDCs***

Targeted aid for Trade can immensely assist developing countries, and particularly least developed countries, in terms of trade balances and economic growth. States must be aware that many developing countries face supply choice restrictions and infrastructural obstacles which constrain their ability to trade at global level. Targeted policies and timely investments in trade facilitation are the best assistance that traders in these countries need.

---

<sup>1</sup> <http://sustainabledevelopment.un.org/content/documents/4044zerodraft.pdf>

We know that one country in West Africa has been unable to fully benefit from aid for trade, as their local structures were unable to receive the intended measure due to lack of skilled staff that was able to provide the required local assistance. In this regard, we must reiterate that the laudable efforts of the FIATA Foundation for Vocational Training are available to all countries in need to create an appropriate training programme and regular applications are welcome.

“Teach a man to fish and you feed him for a lifetime”, we need say no more than this.

***Target - 9.2 improve regional and trans-border infrastructure to promote regional connectivity and integration and to facilitate trade***

Improving connectivity through regional infrastructure is essential for prosperity and sustainable growth. This is the most effective way to contribute to poverty reduction in a great many countries of the world. Cross-border infrastructure projects have helped raise household incomes through improved access to markets and enhanced trade and investment by reducing the cost of doing business, and private sector development through creating business opportunities. Just as an example, the completion of the East-West Economic Corridor in Savannakhet province of the Lao PDR was associated with a 35% decline in the incidence of income poverty in 6 years.<sup>2</sup>

In the years after 2015, Asia-Pacific economies will depend heavily on enhanced regional connectivity to stimulate trade and attract investment, as the member countries seek decisive measures to improve regional economic integration, as well as connectivity with other parts of the world. A prominent researcher at the National Development and Reform Commission stated that the APEC economies, particularly those in Southeast Asia and South America, such as Vietnam, Indonesia, Peru and Chile, are building new platforms for broader cooperation with major APEC economies.<sup>3</sup> The Asian Highway and the Trans-Asian Railway combined represent approximately 250,000 kilometres of roads and rail networks connecting capital cities, major industrial zones, and other important commercial areas.<sup>4</sup> The ADB has helped finance approximately 18,000 kilometres of the Asian Highway, accounting for 13% of its total length. <sup>5</sup> Optimising these networks and ensuring that they operate at the right level remains within the interest of the governments which obtained donors’ assistance.

This crucial target falls within the subset of a “Proposed goal 9 which seeks to promote sustainable infrastructure and industrialisation and foster innovation” but FIATA encourages the OWG to recognise that enhanced connectivity catalyses trade in all economies, which in turn contributes to creating prosperity globally. The goods have only an expected value until the moment they reach the consumer who receives them: this is the time and place where all the accumulated value flourishes and procures prosperity. Without sufficient connectivity there is little value and no prosperity at all. This is why ensuring logistics connectivity is conducive to increasing prosperity.

***Target - 17.2 improve market access for exports of developing countries, in particular Least Developed Countries, African countries, LLDCs and SIDS with a view to significantly increasing their share in global exports, including doubling the LDC share by 2020***

FIATA views the aim of this target will be to encourage developing countries to open their markets and create an enabling environment for trade to thrive. There is evidence that countries which had adopted more open and liberal policies had performed better than those which had adopted restrictive ones. In addition this proposed target is also meant to identify hidden barriers which make it difficult for developing countries to penetrate into other markets.

In this regard one cannot fail to recognise that market access can be seriously hampered by insufficient logistic connectivity. Contemplating the world trade from the perspective of a country with insufficient logistics

---

<sup>2</sup> <http://www.adb.org/news/speeches/aid-trade-initiative-asia-pacific-experience>

<sup>3</sup> Same as above

<sup>4</sup> <http://www.unescap.org/news/asia%E2%80%99s-rebalancing-needs-better-regional-infrastructure-says-ADB-president-escap-public-lecture>

<sup>5</sup> Same as above

connectivity is like contemplating the beauty of a flower shop-window without being allowed to enter because the shop is closed. Obviously insufficient logistics connectivity is not the only obstacle to trade, but it one of the most devious, because it starts conditioning traders from the very beginning: Foreign Direct Investments (FDI) are seldom attracted by countries with bad logistics, whilst good logistics connectivity is often regarded as importantly as staff's skills and a business-friendly legal environment.

***17.3 realize timely implementation of duty-free quota-free (DFQF) market access on a lasting basis for all least developed countries consistent with WTO decisions and the Istanbul Programme of Action***

FIATA has developed appropriate official language to promote the harmonisation of a Customs de-minimis regime. This will be disclosed during the upcoming FIATA World Congress on October 15th 2014. FIATA encourages all participants in the OWG to consul the relevant position paper as soon as it is published later this month.

**Proposing Goals and Targets with a purpose**

During its 7th session the OWG recommended that there should not be a dedicated SDG on transport and that the cross-sectorial nature of transport is best served by integrating transport in a range of SDGs. This proposal by the OWG was carried through, as we can see in their newly published Goals and Targets document. Transport and trade were not given stand-alone Sustainable Development Goals, but were mentioned across a range of proposed SDGs.

It is more than obvious that transport and trade may be considered cross-sectorial, if the ultimate goal is to incentivise sustainable development and growth. We are all aware that transportation is not a goal in itself, no more and no less than logistics is not a goal in itself. These are services, not targets.

The goal and target is to make such services possible, prosperous and conducive to facilitation and good business. This is the reason why logistics connectivity, as a principal enabler for trade has, in FIATA's view, the dignity of being listed as a goal in itself. FIATA does not advocate for logistics per se, but better logistics connectivity i.e. for the conditions that allow such services to be established and thrive. The same goes for trade, we are trying to promote trade facilitation, not trade per se. Trade facilitation is what makes trade possible and successful; this is why trade facilitation is a political objective in its own right.

This being said it is not so important in which rank these concepts achieve, but that they come to fruition. It is important indeed that these concepts make their way to the surface of the goals that governments will have on their political agendas in the next few years.

Governments that will not have logistics connectivity and trade facilitation on their tables in the next 10-15 year may miss the opportunity to grow and ensure prosperity to their people.

For these reasons FIATA was quite surprised to learn that the OWG had not seized the opportunity to focus more clearly on trade facilitation and logistics connectivity as a means to an end to sustainable development.

**FIATA'S proposals**

**Proposed Goal 12, promote sustainable consumption and production patterns**

FIATA would like to suggest **inserting a target to enable sustainable supply chain patterns** with focus on enhanced connectivity that allow for sustainable, facilitated trade. Sustainable consumption and production cannot happen, or at best are not sustainable, without good logistics connectivity and trade facilitation instruments.

**Proposed goal 13, tackle climate change and its impact**

One of the biggest challenges facing the global transportation sector is its dependence on fossil fuels and its attempt to lowering transport related emissions. This is an epochal endeavour that must ensure the more sustainable mobility patterns of our future. Investment in infrastructure and in optimising the supply chain is as important as cutting on energy consumption and finding alternative fuels. It is extremely important that governments do not turn a blind eye on the fact that "de-carbonising transport" per se has not been a completely

winning strategy, even in those countries that have embraced such policy choices as early as the end of the last century or the beginning of this one. Significant results can only come from an integrated approach with the right balance of policies and actions. Just as a matter of interest, the savings in energy that can be achieved by enhanced trade facilitation at borders are more than significant.

Ideally we should all travel on smart infrastructure, enjoy seamless border procedures and reach our destination (goods as well as passengers) undisturbed and without any waste of time and energy. One can say this is a dream, but FIATA maintains that we must live up to our dreams and work to make them possible with appropriate policy choices, today and tomorrow.

### **Proposed goal 17, strengthen the means of implementation and the global partnership for sustainable development**

Under this heading FIATA wishes to highlight the impact of capacity building on trade. The return from investing in capacity building resources in the sector of logistics is immense and therefore more capacity building should be targeted towards the logistics sector, especially in developing countries. As mentioned earlier, the FIATA Foundation is one of the instruments FIATA has to contribute to the achievement. We have seen above that insufficient awareness can seriously hamper the ability to even receive assistance in certain countries and this is certainly a situation that must be avoided.

### **Conclusions**

FIATA views the Goals and Target document as underscoring the impact of logistics connectivity in improving the economic situation of developing countries, or other countries that are less favoured in the world trade lanes. One of the aspects that are often overlooked is that logistics normally works both ends. This means that assisting with appropriate policies the countries which are in quest of better connectivity would inevitably also provide better opportunities for the other ones, even if they are already amongst the developed nations.

Through the examples provided in this position paper, it was conveyed that such focus on logistics connectivity is central in addressing economic growth and environmental challenges in the fight to build resilient societies. This works irrespective of the economic conditions of the countries and is susceptible to multiplying the value of the results.

FIATA looks forward to continuing the discussion of the chosen Goals and Targets that are set to define the upcoming SDGs. We remain available to discuss any key points with the UN Secretariat, UN Member States, civil societies and any other stakeholders with a view to improving their development and implementation with regards to sustainable development.

For more detailed information please contact the FIATA secretariat.

**Publication Date: October 15, 2014**

## **The Impact of a harmonised de minimis value threshold**

When it was adopted in 1999, the WCO Revised Kyoto Convention (RKC) acknowledged and foresaw that rising numbers in e-commerce transactions would create an increasing number of smaller consignments. A provision to address this trend was then introduced to promote the legislator's consideration for facilitation through exemptions from tax and excise formalities on very small and low value consignments, the so called "de minimis".

The concept of de minimis in relation to trade as defined by the ICC Customs Guideline (#11) is the valuation ceiling for goods, including documents and trade samples, below which no duty or tax is charged and clearance procedures are minimal.<sup>6</sup> According to Transitional Standard 4.13 of the RKC, Customs administrations shall

specify a minimum value or minimum amount of duties and taxes below which no duties and taxes will be collected referring to a de minimis threshold.<sup>7</sup>

In many cases, the cost borne by governments for processing low value shipments is greater than the revenue collected by Customs administrations, even without consideration for the costs borne by traders. For governments this means that the additional revenue gained is sadly offset by the increase in their internal costs. For the private sector this is a direct cost that also implies indirect additional expenses.

Administrations that had implemented a de minimis regime also applied the WCO Immediate Release Guidelines (IRG), which provided for immediate release of the goods on the basis of a consolidated declaration which could be a manifest, waybill, cargo declaration or inventory of such items<sup>8</sup>. Such practices normally provide additional facilitation to traders in cross border operations.

Studies have shown that harmonising de minimis levels would have a significant positive impact on the global economic recovery and would help invigorate economic growth, particularly for Small and Medium Sized Enterprises (SME), especially in markets such as e-commerce and fast-moving consumer goods.

According to a 2003 paper by the Organization for Economic Cooperation and Development (OECD), which argues in favour of adopting de minimis thresholds, firms with fewer than 250 employees face trade transaction costs that are 30 to 45 percent higher than those incurred by larger firms.<sup>9</sup> Such costs become more evident during times of economic turmoil, when SMEs become even more exposed to cost with difficult recovery.

The research suggests that SMEs would benefit largely from facilitated Customs procedures mainly because they deal with the bulk of low-value shipments and face a variety of burdens when completing Customs forms. A harmonised de minimis threshold would streamline this process for SMEs allowing them to focus on other facets of their business and expand their enterprises to stimulate regional economic growth. Other sources suggest that States with a soundly implemented de minimis regime can expect to experience economic benefits by refocusing public revenue collection on more efficient revenue streams, therefore reducing the costs borne by traders, and accelerating the delivery of goods to market.

Recent economic studies conducted among Asia-Pacific Economic Cooperation (APEC) economies concluded that raising the baseline de minimis threshold to 200 USD would generate net economic benefits equivalent to almost 30.3 Billion USD.<sup>10</sup> Studies in the U.S. have shown that raising the de minimis level from 200 USD to 800 USD would lead to net gains of 17 million per year.<sup>11</sup>

FIATA acknowledges that adopting a de minimis regime provides the opportunity for streamlined border clearance processes by exempting extremely low customs value consignments from Customs duties (and other taxes levied at borders). This would certainly facilitate trade whilst injecting efficiency in the economy. FIATA sees merit in incorporating a reasonable de minimis regime in national border management procedures, as national economic conditions would benefit from such savings through improved resource allocation. In turn traders would garner greater facilitation and efficiency in their operations.

In trying to achieve a certain degree of global standardisation, Special Drawing Rights (SDR's), as defined and maintained by the International Monetary Fund could be referenced instead of real currencies as a form of reserve for foreign exchange. This may prove auspicious in allowing for a solution that could ensure better

---

<sup>7</sup> [http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf\\_revised\\_kyoto\\_conv/kyoto\\_new/gach4.aspx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv/kyoto_new/gach4.aspx)

<sup>8</sup> <http://www.wcoomd.org/en/topics/facilitation/resources/~//media/D0F3EA60B983435EABE3C63DC23636C6.ashx>

<sup>9</sup> [http://vi.unctad.org/files/studytour/strussia10/files/12%20April/Hoffmann%20UNCTAD/OECD\\_Quantitative%20Assessment%20TF%20benefits.pdf](http://vi.unctad.org/files/studytour/strussia10/files/12%20April/Hoffmann%20UNCTAD/OECD_Quantitative%20Assessment%20TF%20benefits.pdf)

<sup>10</sup> [http://www.worldcustomsjournal.org/media/wcj/-2012/1/Holloway\\_Rae.pdf](http://www.worldcustomsjournal.org/media/wcj/-2012/1/Holloway_Rae.pdf)

<sup>11</sup> <http://www.iie.com/publications/pb/pb11-07.pdf>

harmonisation among regional partners.

The 2011 APEC Summit attempted to establish harmonised de minimis values in Asia Pacific economies that would exempt low-value shipments from customs duties and streamline entry documentation requirements. The aim was to increase and harmonise de minimis thresholds in the entire area, which would allow APEC economies the opportunities to reach 10 percent improvement in supply chain performance by 2015.

Results from the APEC Summit in 2011 witnessed 10 APEC members agreeing to implement a de minimis value of at least USD100, offering others the chance to adopt the initiative when ready. The threshold of USD100 was deemed an appropriate threshold based on a study, conducted by the Conference of Asia-Pacific Express Carriers (CAPEC). The study indicated that setting a de minimis threshold of USD100 could amount to cost savings of USD19.8 billion per year in the APEC region.<sup>12</sup> The benchmark had then been set. This would have the potential to encourage other countries to adopt a similar threshold to enhance cost savings throughout the region.

According to estimates from the Asian Development Bank, the direct and indirect costs associated with border procedures and documentation represents 7-10 percent of global trade. The streamlining of these procedures through increased and harmonised de minimis thresholds would assist in making such costs obsolete.<sup>13</sup> This study revealed that the States need to establish threshold levels at a level where they would not incur losses in collecting tax revenues.

In February 2011, Vietnam raised its de minimis level from USD 48 to USD 60 leading the way for other South East Asian countries to join in its efforts. The reality is that most APEC economies currently have a de minimis regime. However, the main issue is that these thresholds range from under USD 1 to more than USD 1000, and eligibility criteria vary.<sup>14</sup>

In the U.S. Congress's favour towards increasing the de minimis threshold is gaining traction. The current USD 200 de minimis threshold on goods crossing the border in the U.S. was established in 1993 and has not been adjusted in twenty years. Raising de minimis thresholds in the US to USD 800 would free Customs officers to focus on higher priority security concerns and better allocate the limited resources available. Legislation addressing de minimis thresholds has been introduced in the Senate (S. 489).<sup>15</sup>

FIATA is aware that the feasibility of a fully harmonised de minimis threshold is compounded by differing levels of development, throughout the different economies. However, harmonising de- minimis levels, taking into account the variety of different economies, could certainly have a positive impact in many regions and eventually at global level. A baseline level needs to be discussed among States, firstly at the regional level and secondly striving to later achieve global harmonisation.

FIATA embraces the principles of simplified, harmonised Customs and border management, whilst encouraging States and Customs administrations to renew their efforts in the implementation of the RKC also by adopting de minimis regimes as may be required by their economic conditions and to approximate the threshold levels of those already in existence.

FIATA encourages governments and regions to study the benefits of harmonising de minimis thresholds so that objective policy decisions can be made to determine values and processes which promote fiscal viability, provide economic stimulus and facilitate trade.

For more detailed information please contact the FIATA Secretariat.

---

<sup>12</sup> [http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf\\_revised\\_kyoto\\_conv/kyoto\\_new/gach4.aspx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv/kyoto_new/gach4.aspx)

<sup>13</sup> [http://ec.europa.eu/enterprise/policies/international/cooperating-governments/usa/jobs-growth/files/consultation/regulation/23-european-express-association\\_en.pdf](http://ec.europa.eu/enterprise/policies/international/cooperating-governments/usa/jobs-growth/files/consultation/regulation/23-european-express-association_en.pdf)

<sup>14</sup> [http://www.apec.org/Press/Features/2012/0103\\_deminimis.aspx](http://www.apec.org/Press/Features/2012/0103_deminimis.aspx)

<sup>15</sup> <http://owens.house.gov/news/documentsingle.aspx?DocumentID=323833>

**Publication Date: October 15, 2014**

## Combining the OWG's Focus Areas in a Holistic Manner with Trade Facilitation

On February 21st, 2014, the Co-Chairs of the UN General Assembly (UNGA) Open Working Group (OWG) on Sustainable Development Goals (SDGs) have assembled their list of 19 Focus Areas for consideration by Member States as they seek to identify SDGs and accompanying targets. The document includes 19 focus areas summarizing views expressed on each issue during the first eight sessions of the OWG, which took place between March 2012 and February 2013.

According to the Co-Chairs, this document is provided in order to start the process of building consensus, and does not constitute a final draft of the report that the OWG will submit to the UNGA at its 68th Session in September 2014. The International Freight Forwarders Association (FIATA) has taken the Co-Chairs' advice and have decided to be active in the consensus building discussion to ensure the voices of the logistics and freight community are heard prior to submission of the finalized draft.

After carefully analysing the 19 Focus Areas released by the OWG, FIATA agreed with the chosen focus area topics especially economic growth, infrastructure and means of implementation. However, it was surprising to learn that the OWG had missed the opportunity to recognize the need to combine these focus areas, especially the ones highlighted, in a holistic manner with trade facilitation at the core.

If the OWG is to concentrate its efforts on the suggested Focus Areas, there needs to be more inclusion of trade facilitation within the hind set of each established focus area. Trade Facilitation through the development of enhanced logistics connectivity should be intertwined within the Focus Areas suggested. Such integration will allow for the development of SDGs which will significantly impact the post-2015 development agenda and be achievable when implemented.

FIATA must remind the OWG that the importance of the transportation and logistics industry is very much integrated with the ebb and flow of the global economy and therefore should be strongly considered when designing SDGs correlated within the focus areas suggested. In 1989, China went from having 200 kilometres of expressways to, today, a massive system of state-of-the-art highways surrounding the nation's largest cities which has created a logistics network that enables for immense economic growth<sup>16</sup>.

One could also examine India, the world's second most populous nation, which is planning enhanced development plans in transportation infrastructure, especially highways, already gearing up to dramatically boost construction in this regard, with some funding from governments and private partnerships<sup>17</sup>. Other emerging nations, including Brazil, are putting their focus on logistics infrastructure development as well, including ports and airports, or risk seeing their economic growth derailed.<sup>18</sup> Brazil's air traffic rose by 118% from between 2003 and 2010, nearly three times the global average and they require a network in order to meet the ramp up in global demand.

Reflecting on the extensive and stimulating discussions in the OWG on the topic of sustainable transport, the focus areas document underscores the importance of firstly developing enhanced logistics connectivity networks to improve economics trade into the SDGs and in turn result in sustainable outcomes that will address concerns of economic growth and environmental challenges in the fight to build resilient societies.

If attention in this area is not given, we will very likely fall short of achieving our overall aspirations for these SDGs where one of the biggest challenges facing the global transportation sector over the mid to long-term is a

---

<sup>16</sup><http://www.plunkettresearch.com/transportation-supply-chain-logistics-market-research/industry-and-business-data>

<sup>17</sup>Same as above

<sup>18</sup>Same as above

focus on lowering carbon emissions and enhancing energy efficiency. In the U.S, the transportation sector is estimated to create 32% of all carbon dioxide emissions. <sup>19</sup>Airlines have placed large orders for fuel-efficient jets promising efficiency gains of 15% to 20% per passenger mile in order to combat emissions.<sup>20</sup> Container ship operators are under intense pressure to reduce contamination and emissions while in port and at sea, and automobile and truck manufacturers are struggling to respond to demand for fuel-efficient vehicles.

In light of this energy emitting industry and the need to ensure sustainable growth, FIATA proposes that more emphasis and focus be put on logistics connectivity within the Focus Areas in order to ensure a future of facilitated trade and economic prosperity. In our view trade enhancement is a policy area that has the gravity to be inserted among the main sustainable development focus areas at the highest level. It is clear that more space needs to be given prior to the OWG's final session in September 2014 to discuss the contribution that logistics can make to sustainable development in the area of trade if intertwined within the details of the suggested focus areas.

FIATA looks forward to continuing the discussion of the chosen Focus Areas that are set to define the upcoming SDGs. We remain available to discuss any key points with the UN Secretariat, UN Member States, civil societies and any other stakeholders with a view to improving their development and implementation with regards to sustainable development.

For more detailed information please contact the FIATA secretariat.

**Publication Date: April 8, 2014**



FreelImages.com/Ruth Canton.

---

<sup>19</sup> [http://www.ibm.com/smarterplanet/us/en/transportation\\_systems/overview/index.html](http://www.ibm.com/smarterplanet/us/en/transportation_systems/overview/index.html)

<sup>20</sup> <http://sales.dalecarnegie.com/general/files/industry/Transportation.pdf>