

Priority Trade Initiatives

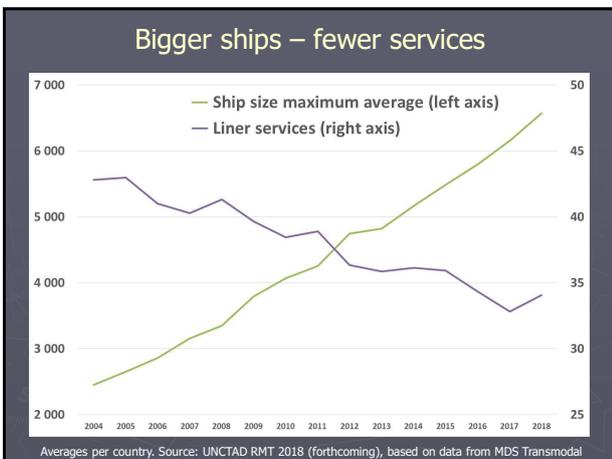
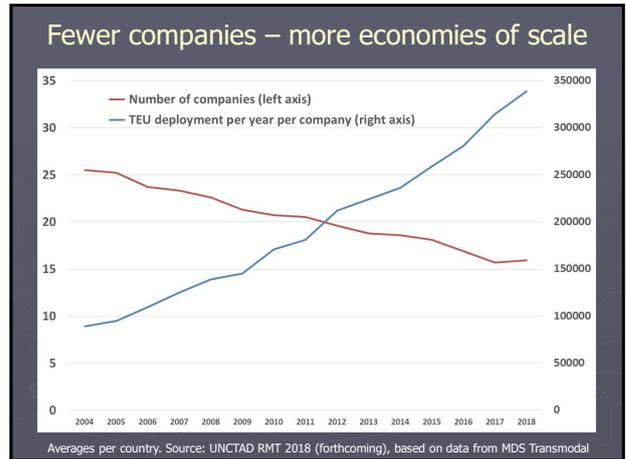
Melbourne, May 2018, Jan.Hoffmann@UNCTAD.org

UNITED NATIONS
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Technological progress will never be as slow as today

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- ▶ Shipping and shippers
- ▶ The common interest: Trade and Transport Facilitation
- ▶ The mind set
- ▶ Which measures should be priority?
- ▶ Science Fiction?

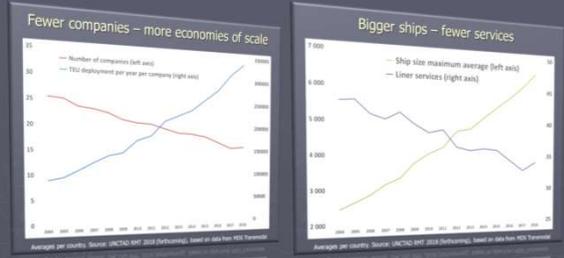


E.g. Australia 1 May 2018

Total number of services	50
Total number of ships scheduled on the services	216
Total number of operators	30
Max ship capacity (TEU)	6 639
Deployed annual capacity (TEU)	6 165 766

Source: MDS Transmodal

3 Challenges



Challenge #1

- For the carriers:
Over-supply



Challenge #2

- For the ports:
Vertical integration & Total logistics costs may go up



Challenge #3

- For the shippers:
Market concentration



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Finding common ground...

- ... to improve the supply chain,
 - ... to reduce CO2 emissions,
 - ... to make trade procedures more transparent and efficient
- = will also enhance trust and cooperation among shippers and carriers.

For example:
UN/CEFACT



<https://www.unescr.org/cefact>

For example:
Global Maritime Logistics Forum



<https://2017.tfc-oecd.org/governance-maritime-supply-chain>

For example:
Intelligent Tech & Trade Initiative



<http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1722>

Working together to facilitate trade and its transport

We need

- ▶ Standards
... but whose standards?
- ▶ Exchange of data
... but who owns and controls it?
- ▶ Coordination, cooperation, collaboration
... but how do you avoid collusion?

Challenges (cont.)

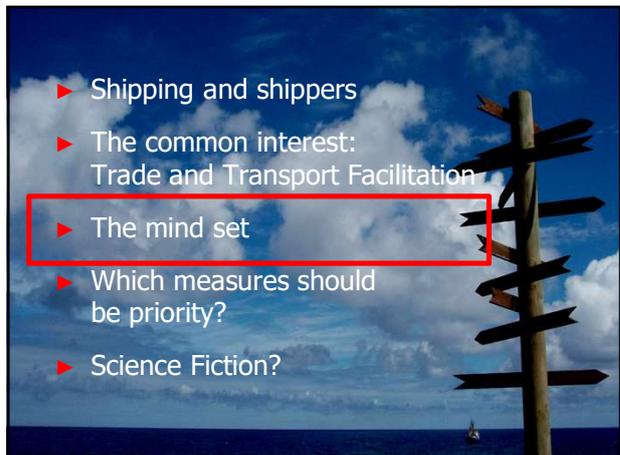
▶ For the shippers:

Market concentration

not only vessels, but also **data** and information



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The mindset

- ▶ How to set today's rules for the future?



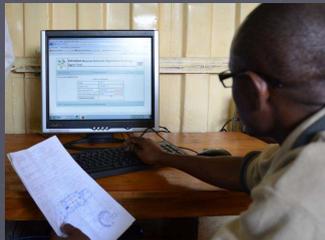
The mindset

- ▶ The negotiation, ratification and implementation of conventions take time
- ▶ Need to commit to **whatever** is the best [future] technological solution



Out of date already?

- ▶ In the future the concept of "copies" versus "originals" as per Article 10.2 TFA will become obsolete as processes focus on **data** rather than on documents.

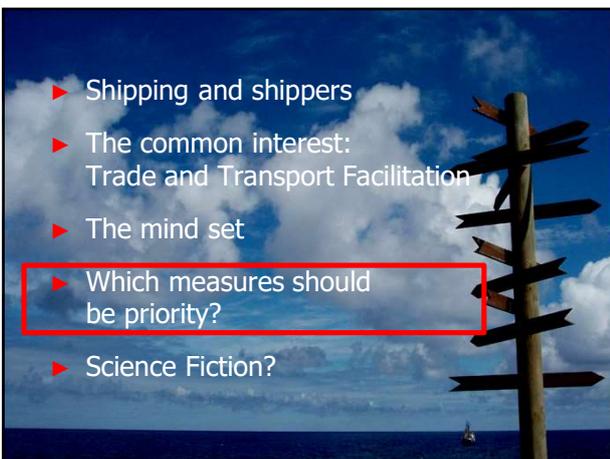


Out of date already?

The same will apply to "information technology to support the single window" as per Article 10.4, as focus shifts to data and information on a **distributed** ledger.



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A dynamic dimension in the TFA

- ▶ In the long term, Article 10.1 will gain in importance, it does not prescribe any specific technological solution.
- ▶ Progressively, various provisions will become antiquated or obsolete and we will just want to **minimize** "the incidence and complexity of import, export, and transit formalities"; continuously "**review**" requirements; keep "**reducing** the time and cost of compliance for traders and operators"; and always choose "the **least** trade restrictive measure" (10.1 TFA)

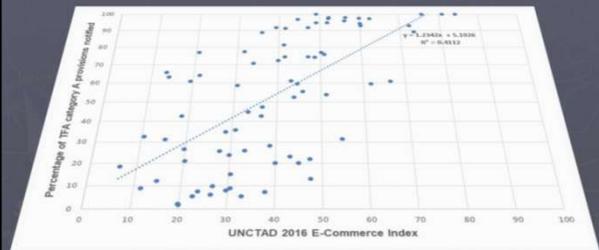
Win-Win

- ▶ Article 1 - "Publication and Availability of Information"



Trade Facilitation for E-Commerce

- ▶ Which Trade Facilitation measures go hand-in-hand with e-commerce?



Source: UNCTAD Policy Brief on Trade Facilitation and E-Commerce, forthcoming

Trade Facilitation for E-Commerce

- ▶ All 37 trade facilitation measures included in the TFA have a positive correlation with e-commerce



UNCTAD E-commerce Index 2016

Trade Facilitation for E-Commerce

The top measures with the strongest statistical "impact" on the UNCTAD e-commerce index:

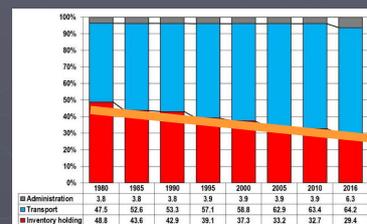
- ▶ Border agency cooperation (Article 8): **+77%**
- ▶ Publication (Article 1.1): **+71%**
- ▶ Single Window (Article 10.4): **+66%**
- ▶ Expedited shipments (Article 7.8): **+61%**

Source: UNCTAD Policy Brief on Trade Facilitation and E-Commerce, forthcoming

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Changing logistics expenditures

Inventory holding expenditures decrease, and Transport expenditures increase



UNCTAD estimates, based on CSCM - State of Logistics Report various issues. Data for United States

Science Fiction??

- ▶ Artificial Intelligence AI systems will **learn** and adapt faster to new challenges and technologies than humans, as newly acquired knowledge is passed on immediately to fellow AI-endowed units.



Science Fiction??

- ▶ It will become increasingly important that AI systems be **taught a set of values** upon which to base their learning and decisions.
- ▶ E.g.: self-driving cars need to be taught to base decisions on pre-defined criteria



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- ▶ **Back to basics**



Back to basics

- ▶ Many challenges remain. The use of the Internet is still not universal, especially in many LDCs and remote and rural areas.
- ▶ In LDCs only 1 in 6 people use the Internet



Figure 3.5. Transport and insurance costs of international trade, 2006–2016
(Percentage share of value of imports)



Source: UNCTAD secretariat calculations.
Note: All modes of transport; the least developed countries grouping includes 48 countries for all periods up to 2016.

Working on it

- ▶ UNCTAD works with partners on solutions that help facilitate trade and its transportation, transparency, E-Commerce, customs automation, port reforms, national trade facilitation committees and transport corridors.
- ▶ We provide analysis, technical assistance and capacity development for those who may **otherwise be left out**.



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