Technology and Trade: The Trade Facilitation of the future

Kampala, February 2018, Jan.Hoffmann@UNCTAD.org
The mindset
Concrete solutions
Science Fiction?
Back to basics
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The mindset

► How to set today’s rules for the future?

Technological progress will never be as slow as today
The mindset

► The negotiation, ratification and implementation of conventions take time

► Need to commit to **whatever** is the best [**future**] technological solution
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WTO Trade Facilitation Agreement

► Article 1 - “Publication and Availability of Information”
WTO Trade Facilitation Agreement

► Article 1 - “Publication and Availability of Information”
► Article 2 - “Opportunity to Comment, Information before entry into force, and consultations”
WTO Trade Facilitation Agreement

- Article 1 - “Publication and Availability of Information”
- Article 2 - “Opportunity to Comment, Information before entry into force, and consultations”
- Most provisions related to licences, declarations and clearance. E.g. Article 7 on the “Release and Clearance of Goods” and Article 10 on “Formalities Connected with Importation, Exportation and Transit”.
Trade Facilitation for E-Commerce

Which Trade Facilitation measures go hand-in-hand with e-commerce?
Trade Facilitation for E-Commerce

► All 37 trade facilitation measures included in the TFA have a positive correlation with e-commerce
Trade Facilitation for E-Commerce

The top measures with the strongest statistical “impact” on the 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%
For your agenda

► Next E-Commerce week: Geneva, 16-20 April
The mindset
Concrete solutions
Science Fiction?
Back to basics
Out of date already?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Out of date already?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.
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.
A dynamic dimension in the TFA

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► 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)
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 – no need for schools, reading or Forums ...
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.
The mindset

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Science Fiction?

Back to basics
Many challenges remain. The use of the Internet is still not universal, especially in many LDCs and remote 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.

Poorer countries have higher trade costs.
Working on it

- UNCTAD works 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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