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Latino-Americano e do Caribe

Système Economique
Latinoaméricain et Caribéen

Conclusions and Recommendations

III Latin American and Caribbean Regional Meeting on International Trade Single Windows: Paperless Trading and Risk Management in Trading Operations
Lima, Peru. 28 and 29 November 2011.
SP/III-ERLC-VUCE:CSPGRoc/CR-11



USAID | **FACILITANDO COMERCIO**

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Printed in the Permanent Secretariat of SELA, Caracas, Venezuela.

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The III Latin American and Caribbean Regional Meeting on International Trade Single Windows was held at the Chamber of Commerce of Lima, Peru, on 28 and 29 November 2011. The general theme addressed was "Paperless Trading and Risks Management in trading operations". This regional event was jointly organized by the Permanent Secretariat of the Latin American and Caribbean Economic System (SELA) and the Ministry of Foreign Trade, Industry and Tourism of Peru (MINCETUR), under the auspices of CAF - Development Bank of Latin America, and the USAID Trade Facilitation Project.

The event included nineteen (19) presentations focused on four (4) topics, namely: i) Case Studies in implementing Trade Single Windows according to International Standards of the UNECE (UN/CEFACT) and WCO; ii) Paperless Foreign Trade: Myth or reality; iii) International Trade Single Windows in Latin America and the Caribbean: Towards Paperless Foreign Trade (Part 1 and 2); and iv) Risk Management in trading: Developments and challenges. In addition, a presentation was made on the Pilot Project Interoperability and Harmonization of International Trade Single Windows in the context of the Latin American Pacific Arch (CAF-SELA Technical Cooperation Agreement). Prior to the closing ceremony, issues related to the creation of a regional working group on International Trade Single Windows were discussed.

Participants expressed their gratitude for the welcome reception and the organization by the authorities of Peru, the administrative and technical work of SELA, and the support from organizations such as CAF-Development Bank of Latin America, the USAID Trade Facilitation Project, the Economic Commission for Latin America and the Caribbean (ECLAC), the World Bank, the World Customs Organization (WCO) and the United Nations Economic Commission for Europe (UNECE).

They also recognized and praised the efforts made by SELA to continue with the work started with the *I Latin American and Caribbean Regional Meeting on International Trade Single Windows*, organized jointly with the Ministry of Commerce, Industry and Tourism of Colombia and the Chamber of Commerce of Bogota, and sponsored by the IFC World Bank Agency, which was held in Bogota, Colombia, on 25 and 26 March 2010. It was followed by the *II Latin American and Caribbean Regional Meeting on International Trade Single Windows: Advances and pending challenges*, which was organized together with the National Customs Service of Chile, and held in Valparaiso, on 1 and 2 December 2010, and the *I Workshop on international Trade Single Windows: Considerations on proposals towards a regional action in the context of the Latin-Pacific Arch Forum*, organized by the Ministry of Foreign Affairs of Panama, with technical advice from the Inter-American Development Bank (IDB) and the sponsorship of CAF. It was held in Valparaiso on November 30 and 1 December 2010.

A. CONCLUSIONS

Based on the presentations and debates, participants agreed on the following conclusions and recommendations:

1. Trading, as a pillar for the productive development of countries, requires adequate and modern infrastructure that allows for building on capacities as part of the logistics of supply chains, while reducing costs and increasing competitiveness. Import and export processes also require an infrastructure that facilitates processes and actions related to the mobilization of goods and services, to speed up operations between the agencies responsible and streamline such processes.

2

2. International Trade Single Windows are a global phenomenon which provides visibility to procedures, making e-governance more efficient and solving multiple challenges, such as compliance with trade policies and international agreements, transportation documents and digital signatures. Their benefits and impacts are evident: i) Optimization of procedures by implementing a consistent and transparent legal and regulatory framework; ii) Streamlining of processes facilitated by the use of informatics and the digitization of activities and associated documents; iii) Immediate or simultaneous procedures and processing; iv) Compliance with traceability; v) Cost savings in terms of paperwork and time management; vi) Reduction of negative impacts on the environment by eliminating the use of paper; vii) Reduction of corruption by streamlining processes and eliminating discretionary decisions; viii) Predictability of public administration; ix) Facilitation of compliance with business; and x) Creation of possibilities for those SMEs engaged in non-traditional exports to participate in Import and Export Systems through the use of a computerized tool for remote access and permanent availability. All of these benefits have a positive impact on sustainable development and competitiveness.
3. The reduction in export time, the lower costs and streamlining of paperwork increase competitiveness of countries, as proved by the impact measurements made in some countries that have successfully implemented International Trade Single Windows.
4. The number of documents required for imports and exports of goods has not significantly decreased In Latin America and the Caribbean. The multitude of documents, the difficulty of procedures, the repetition of the data requested by the authorities, the red tape and inconsistencies in procedures affect timely decision making to promote smoothness and efficiency in logistics chains, raising the levels of uncertainty in import and export processes and causing a loss of competitive advantage of countries in terms of their economies and the global trade. However, most countries in Latin America and Caribbean are working on the digitalization of foreign trade procedures in order to implement and consolidate Single Windows, based on international standards, while reviewing their regulations and simplifying institutional procedures.
5. The necessary analyses as regards the issue of Single Windows in the region are practically completed. Some countries already have Single Windows and others are implementing them and want to learn to effectively develop the technological, organizational and security aspects. With the development of these processes, the adoption of commitments as regards mutual recognition and interoperability is becoming more frequent.
6. International standards are a basic element for interoperability of electronic Single Windows, which are complemented through the exchange of experiences and national breakthroughs. Indeed, each country and region has their own characteristics.
7. Risk management is not perceived as a core component of trade facilitation yet. Criminals take advantage of every legal means to act on their behalf and to the detriment of countries. This situation calls for an urgent linkage of the interests in controlling and ensuring security with those of trade facilitation. Such reconciliation can be achieved through the use of instruments with proven

effectiveness, such as digital certificates from secure servers, data encryption and digital/electronic signatures, among others.

8. As for customs, it should be noted that they have not modernized their risk management systems and they essentially remain tax collection bodies. The challenge is to turn them into entities that assist in the implementation of sanitary policies, technical standards, respect for intellectual property rights and security (drug trafficking, terrorism and money laundering). In the foreign trade system, customs function as the reception point where procedures and documentation of import and export processes converge. In this regard, the information under their responsibility is very sensitive in terms of security and risk management. Consequently, their support is crucial to successfully implement the measures required for safe trade in Single Windows.
9. International Trade Single Windows cannot be conceived without the critical intervention of national customs. However, national customs should not be the only actors in the Single Windows systems. In this connection, the idea is to consolidate the required institutional convergence to create and maintain a public structure dedicated to provide an efficient service in the countries' import and export processes.
10. International Trade Single Windows alone cannot promote foreign trade facilitation in the countries of the region. It is necessary for the rest of the institutions and physical structures that make up the foreign trade system to play their part as well so as to accomplish the objective of facilitating trade, including ports and airports, road networks and transport fleets.
11. While the use of the mechanism of Authorized Economic Operators helps customs and, in general, national authorities to expedite their activities and to have greater control over high-risk operators, in practice little progress has been made as regards this issue.
12. The plans to establish International Trade Single Windows form an integral part of the structure of public services and promotion of competitiveness, responding to national projects supported by a close relationship between public and private sectors. Such projects should take due account of fundamental variables, such as: support from governments, formulation of public policies on the matter, the consolidation of a legal and regulatory framework, the linkage of the agencies involved with trade processes, and the establishment of the Single Windows architecture, based on an all-encompassing vision of the institutional framework for foreign trade and its stakeholders.

B. RECOMMENDATIONS

As a result of the debates and the conclusions, participants made the following recommendations:

1. In inter-institutional synergy with other relevant agencies, SELA should continue with the analytical and regional coordination effort materialized in this III Regional Meeting, by conducting the IV Latin American and Caribbean Regional Meeting on International Trade Single Windows, which would take place in Guatemala, on the date that is deemed most convenient.

4

2. The Permanent Secretariat of SELA should support initiatives to strengthen those efforts aimed at promoting trade facilitation in each one of the countries of the region, specifically the processes associated with digitalization, simplification and harmonization of foreign trade procedures, the use of international standards in this area, and the inclusion of risk management in automated systems, with special emphasis on the sustainable implementation and consolidation of International Trade Single Windows.
3. The electronic platforms of Single Windows should be turned into a strategic element to promote the modernization and streamlining of logistics, as well as international interoperability among authorities and among transport, insurance and financial companies. This means that Single Windows should eventually become trade portals, in accordance with the changing national and international demands. To this end, the support from international organizations and horizontal cooperation in Latin America and the Caribbean could be very useful.
4. It is essential to promote the interconnection and interoperability of International Trade Single Windows in our countries as a means to speed up foreign trade procedures and logistics, and to carry out better risk analyses of all operations.
5. It is important for our countries to continuously share information on the implementation of Single Window in our respective countries so as to share best practises, lessons learnt as well as to collaborate at a technical level in building the best functionalities for the various modules in our systems.
6. In shaping Single Windows, it is important to take due account of the issue of security. A security chain should be created inside companies, by applying risk management procedures in all foreign trade transactions and operations. Furthermore, they should harmonize risk management practices in the processes of Single Windows interoperability among countries.
7. It is necessary to consider the various international proposals for actions in the area of security, including the WCO's SAFE Framework of Standards¹ and the Customs Assessment Trade Toolkit (CATT), which should be taken into consideration by national authorities.
8. It is necessary to establish a legislative instrument for general communication or an informative circular to confirm, at the regional level, the use or to enable the use of advanced digital and/or electronic signatures as a security device with technical and legal guarantee in order to prevent risks associated with theft, tampering and repudiation of the information provided, and in response to the objectives of ensuring security to interoperability and make paperless trading legally viable. The regulatory instrument to be implemented to communicate the regional position will allow the parties involved – customs, exporters, importers, traders and others – to know the contents requirements that must be associated with a document or electronic transaction to be valid at the reception point, as a receiving or issuing party.
9. Regional technical cooperation should make emphasis on the issues of security, reliability and added value, using technology to emulate best practices and

¹ Framework of Standards to insure and facilitate global trade.

make an efficient use of data, while taking advantage of agreements, optimizing automated procedures and preventing inefficiency.

10. To welcome the proposals made by the Economic Commission for Latin America and the Caribbean (ECLAC) as regards a Single Window and Foreign Trade Portal in Latin America and the Caribbean, and by the Delegation of Costa Rica concerning the Portal of the Latin American International Trade Single Window Network, as platforms to gather information available on the Internet and supported by contents provided by specialists and key stakeholders in the area of Single Windows and Foreign Trade in Latin America and the Caribbean, as well as research based on specialized information sources, databases containing projects on related thematic areas and official sources of information, with the purpose of systematizing knowledge, best practices and successful experiences as regards Single Windows in the region, as well as the latest achievements in this subject, thus promoting a comparison of experiences and the dissemination of recommendations within the context of learning communities and practices. The representative of ECLAC offered to create a Portal, which initially would be made up by an inventory of regional projects linked to Single Windows and Foreign Trade, the studies and presentations of the various regional meetings, symposiums and workshops on those topics, as well as a quarterly Information Bulletin.
11. Take cognizance of the actions undertaken by the Latin American countries that are members of the Pacific-Latin American Arc and Pathways towards Prosperity during the meeting held at the IADB headquarters in Washington, in October 2011, in which the Inter-American Network of Single Windows was created with the support and coordination of the Inter-American Development Bank (IDB), while urging to promote a broad participation of all the countries comprising the Latin American and Caribbean region in synergy with other international organizations and bodies.
 - a) The Inter-American Network plans to carry out face-to-face meetings at the highest political level of Single Windows and to create a Technical Council made up by technical representatives of Single Windows. In addition to the objectives already agreed upon, and with regard to the coordination of actions and interoperability of Single Windows, the network also intends to consider cooperation with other organizations to support countries in their search for harmonization of regulations, institutions and technologies to finally create the Latin American and Caribbean Electronic Single Window, in the long run. It was reported that the next meeting of the Inter-American Network of Single Windows would be held in the first quarter of 2012.
 - b) It is recommended that the Inter-American Network provides Guatemala - host of the upcoming IV Regional Latin American and Caribbean Meeting on International Trade Single Windows - and to participants in the meeting, steady information on the progress made, the subject matter and the chosen work methodology, in order to coordinate future activities of both groups.
12. Latin America and the Caribbean should improve their participation in international forums dealing with the issue of electronic commerce and produce recommendations on international standards, in order to gain first-hand knowledge of the progress being made, defend their interests and promote support to meet their specific needs and channel international cooperation. Therefore, a recommendation is made to consider the proposal presented by the

6

UNECE representative to appoint a “Regional Rapporteur” of Latin America and the Caribbean to the UN/CEFACT, with the purpose of establishing a representative from the region in that international organization, with a mandate for action on specific issues.

13. The construction of a Regional International Trade Single Window should be regarded as an achievable goal through regional and subregional coordination in a global environment of cooperation among the countries of the region and the support of international technical cooperation within the framework of regional integration, in the interest of facilitating trade within the region and with other regions, a more competitive and sustainable insertion of the region into the world economy and sustainable development, with the ultimate goal of reducing poverty and promoting well-being in Latin America and the Caribbean.