



TRADE BEAT MONTHLY

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Convention on Facilitation of International Maritime Traffic (FAL) Adoption: 9 April 1965; Entry into force: 5 March 1967

International Trade encompasses several modes of transport which facilitates moving goods from supplier to consumer, this process is known as the supply chain and paramount to this system is the use of maritime modes of transport. Of all the world's industries, shipping has the most international reach, accounting for over 90 percent of world trade. On account of the huge quantities of cargo being transported from port to port, shipping is the most cost effective way to move goods safely and efficiently to market and a smooth and efficient operation is critical to the interests of all nations. However, as maritime activities increased, several different issues evolved which adversely affected the logistics process, and considerable delays became a hindrance to international trade flows.

The industrial revolution of the 18th and 19th centuries brought about changes to the international maritime community as more and more trade activities took place. The upsurge in international commerce resulted in an increase in the number of cross border transactions which varied according to the particular country. Documents relating to both cargo and personnel had to be altered and procedures differed depending on the particular port of call. This became problematic as well as expensive to reconcile all the procedures and the documentary requirements for the various countries, and inevitable delays were experienced. In order to address the issues that countries faced, a number of international agreements directly relating to maritime activities were established with emphasis placed on standardization. Consequently, a permanent international maritime body was required to deal with matters relating to shipping, in the present day as well as the future.

The facilitation of international maritime traffic is a key process to improving global trade as ships moving cargo from origin to destination have to traverse several international jurisdictions. Safety and efficiency are key issues for the sustainability of the shipping industry, so collaborative efforts through several international conventions were borne out of these concerns. By and large, the development of international conventions relating to shipping has been directly attributed to incidents that have spurred change within the maritime industry. One such incident was the Titanic disaster of 1912, which gave birth to the first international Safety of Life at Sea (SOLAS) Convention, which is still the most important treaty addressing maritime safety. Through this incident, the need to engage an international forum was identified, where maritime issues could be raised and decisions made to address the varying concerns about specific issues relating to the maritime industry .



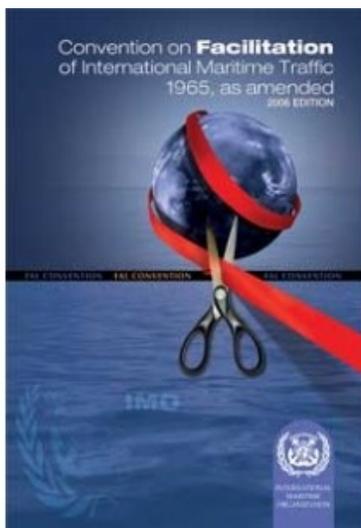
The International Maritime Organization (IMO)

The IMO came into existence in 1958 when several international conventions were already developed. The IMO was charged with keeping these conventions up to date, as well as to develop new conventions as needs arise. With a membership of approximately 170 countries, the IMO is currently responsible for 35 international conventions and agreements and has adopted numerous protocols and amendments. The IMO's primary purpose is to develop and maintain a comprehensive regulatory framework for shipping, and its remit today includes safety, environmental concerns, legal matters, technical co-operation, maritime security and the efficiency of shipping.



The IMO's mission statement for the six year period 2012 to 2017 is as follows:

"The mission of the International Maritime Organization (IMO) as a United Nations specialized agency is to promote safe, secure, environmentally sound, efficient and sustainable shipping through cooperation. This will be accomplished by adopting the highest practicable standards of maritime safety and security, efficiency of navigation and prevention and control of pollution from ships, as well as through consideration of the related legal matters and effective implementation of IMO's instruments with a view to their universal and uniform application."

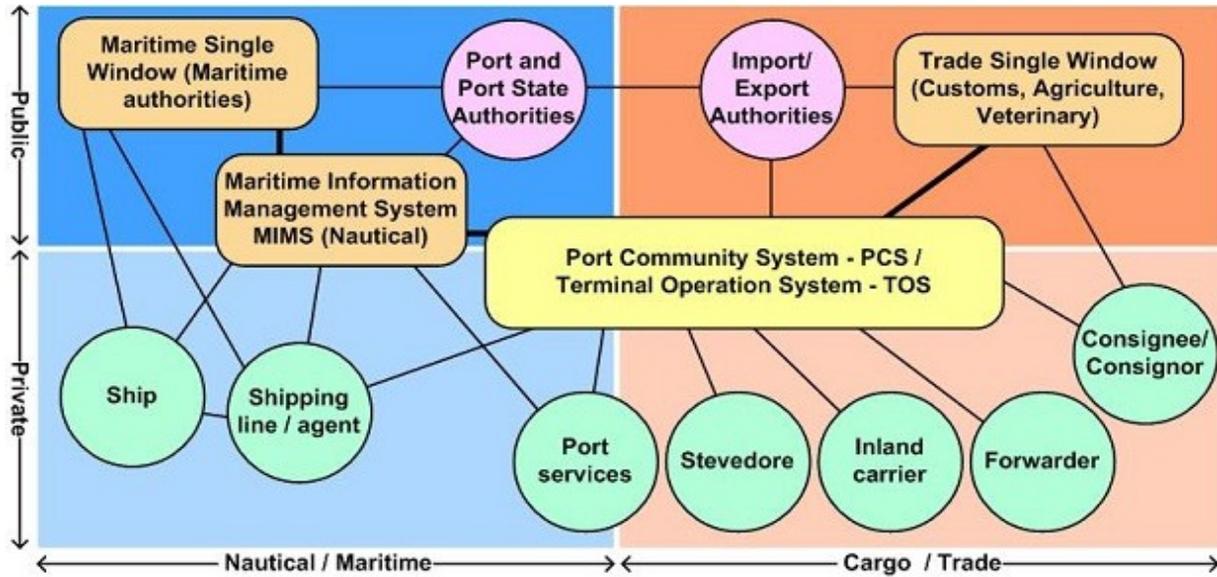


Convention on the Facilitation of International Maritime Traffic (FAL)

The mandate of the FAL Convention is derived from the IMO's commitment to "efficient and sustainable shipping through cooperation". Its main objective is to take all appropriate measures to facilitate and expedite international maritime traffic and prevent unnecessary delays to ships, persons and property on board. The Convention, through its articles seeks to provide, simplification and reduction of formalities, uniformity of formalities, documentary requirements and procedures to facilitate improved international maritime traffic and minimize alterations necessary particular to a territories domestic requirements. This means that standard processes will be established which should not be affected by a territory's domestic policies. The general provisions of the agreement, among others, speak to standards and recommended practices as it relates to electronic

data processing interchange (EDI) techniques, to facilitate clearance processes. Countries should encourage public authorities and relevant stakeholders (including ship-owners and agents) to exchange data in conformity with the relevant United Nations (UN) standards including the UN Elec-tronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT) standards. UN/EDIFACT comprises a set of internationally agreed standards, directories, and guidelines for the electronic interchange of structured data, between independent computerized information systems.

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Implementing the FAL Convention

Implementing the FAL Convention is no easy task, due to the legislative procedures concerning required actions such as data sharing and data security. A strong political will is required to effect the appropriate legislative changes necessary to accede to the convention, through regulatory laws and acts including the Electronic Transactions Act, Regulatory Agency Laws and the Customs Modernization Act. Financing is another critical issue, as appropriate infrastructure is required for establishing such services as a single window which requires collaborative efforts amongst all government agencies concerned. A single window as defined by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) is "a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements." This is a trade facilitation mechanism, covering both commercial and government business processes that can foster growth in international trade and related services. The importance and potential benefits of the FAL will have to be impressed upon the relevant stakeholders in order to secure financing for additional infrastructure.

Requirements for Implementation

A lead government agency must be identified to spearhead the implementation process. It is recommended that a national FAL Committee be established comprising the relevant stakeholders and be managed by this agency. Communication must be maintained with the stakeholders and the promotion of the benefits of the FAL encouraged through media support and sensitization sessions conducted across government ministries. Furthermore, financial and secretarial support coupled with the monitoring and evaluation processes should be well developed as an essential component to the process. Coordination, cooperation and commitment among stakeholder groups will be necessary as human resource with relevant technical competencies will be required for successful implementation.

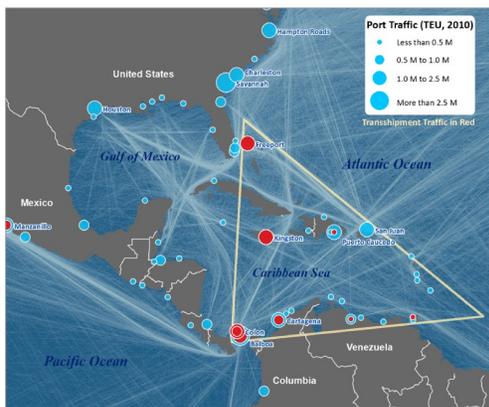
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Regional Seminar

A regional seminar was hosted in Antigua and Barbuda from June 4 to June 7th 2013 at which the importance of the FAL Convention in facilitating international trade was discussed. The seminar was organized by the IMO in association with Antigua and Barbuda's Department of Marine Services and Merchant Shipping as well as other critical agencies. Thirty-Six delegates representing fourteen countries (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago) participated in the seminar. Governments were encouraged to ratify and implement the Convention throughout the region.



Delegates of the individual countries participated in a workshop specific to appreciating the concept, the processes and procedures that are involved in the use of electronic data interchange (EDI) which is critical to the implementation of the single window in maritime transport. The single window enables information to be provided to multiple users through a single report. Through this medium information can be shared by the relevant authorities which provides an efficient and cost effective service for users. This facilitates trade, decreases the administrative burden on the shipmaster and improves the information flow with port authorities and government agencies concerned. The tenets of the FAL convention were discussed and emphasis was placed on the cooperative approach that is necessary to achieve increased efficiency of the process required with respect to the arrival and departure of ships. Delegates were encouraged to return to their respective countries and participate in the technical work that will be required to ensure that their Governments are aware of the benefits to be derived from adopting the FAL convention.



Regional Potential

If the FAL is brought to fruition in the Caribbean region, the proposed regional single window will be supported through CARICOM in order to promote greater efficiency, regional access to information and regional security. Recommendations have been made for establishing regional terms of reference and establishing a national and regional solution in the form of committees. A national FAL committee is proposed which should report to regional committee counterparts who will be directed by CARICOM's Council for Trade and Economic Development (COTED). The COTED is responsible for the development and promotion of regional trade policy and would be regional arbitrator concerning the FAL Convention.

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Benefits of the FAL Convention for Jamaica

Jamaica is not yet a signatory to the FAL Convention, however in the spirit of trade facilitation a lot of its main tenets are observed. All countries are encouraged to sign the Convention, as a way to increase trade flows and be favorably considered as a place to conduct international business. The Convention encourages the facilitation and expedition of international maritime traffic, which will result in the efficient processing of international trade activities. By unifying formalities, procedures and documentary requirements, a cost effective operation will be realized, where the duplication of documents will be eliminated. These efficient measures should result in an increased accessibility of information leading to increased revenue collection. As a party to this Convention, Jamaica would have to implement a paperless import/export paperless system which would eliminate the physical storage of paper.

The single window process is another facet of the Convention that will eliminate duplication of functions across stakeholder groups leading to more accurate and timely submission of information over an enhanced secure platform. If a regional single window is achieved, the benefits to be derived from signing the FAL Convention would be tremendous given Jamaica's geographic position and its potential as a global logistics hub.



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