

**TRADE FACILITATION:
GLOBAL TRENDS AND
INSIGHTS FROM REFORM
IMPLEMENTATION**



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Topics

- Macroeconomics, Trade & Investment Global Practice, World Bank Group
- Challenges and benefits of facilitating trade
- WTO Trade Facilitation Agreement
- Focus on five trade facilitating activities and the connection to E-Phyto
- NSW
- Measuring Impact



Macroeconomics, Trade & Investment Global Practice

The World Bank Group is a major provider of trade related assistance with a current portfolio of USD7 Billion

Analysis and Diagnostics
Technical Assistance

Financing of major trade infrastructure and institutional reform projects

Research and data products (LPI/Doing Business)

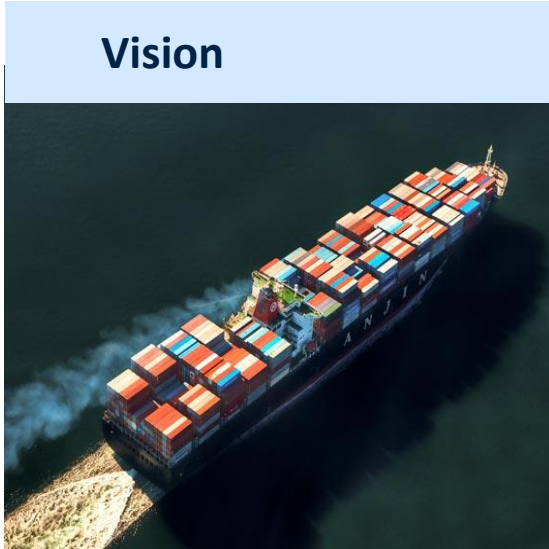
Global advocacy and partnerships



WTO-TFA Preparation & Implementation Support : *Trade Facilitation Support Program (TFSP)*

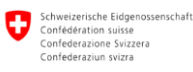
Objective

Assist developing countries in reforming and aligning their trade facilitation laws, procedures, processes & systems to enable implementation of the WTO TFA Requirements.



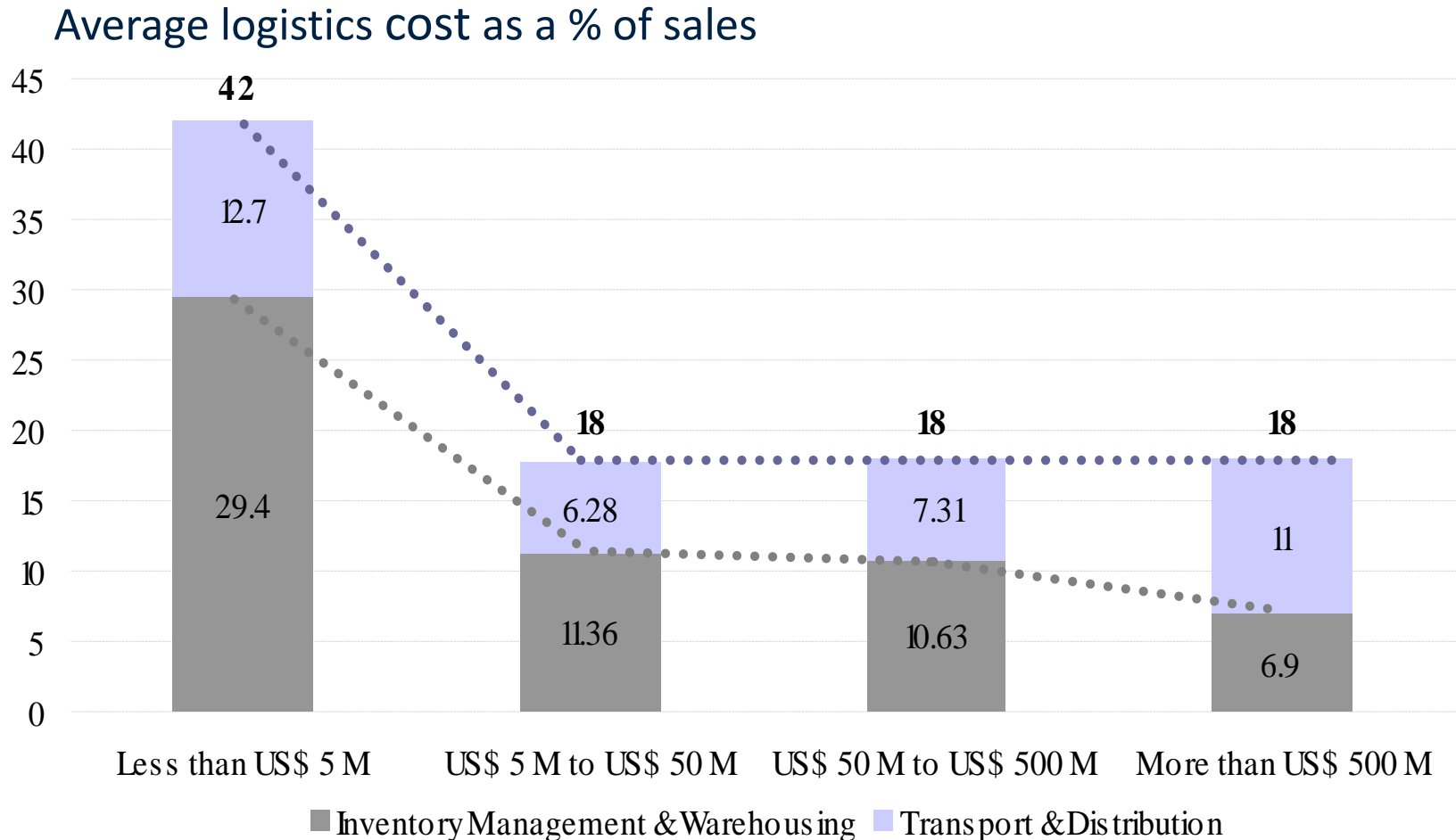
- Implementation focused
- Rapid response capability
- Deep engagement with the private sector
- Strong monitoring, evaluation & results framework
- Complementary & sequenced Technical Assistance (TA) activity
- IFC-WB presence in most countries, project components included at national and regional levels
- Global expertise

Our Partners



WORLD BANK GROUP
Trade & Competitiveness

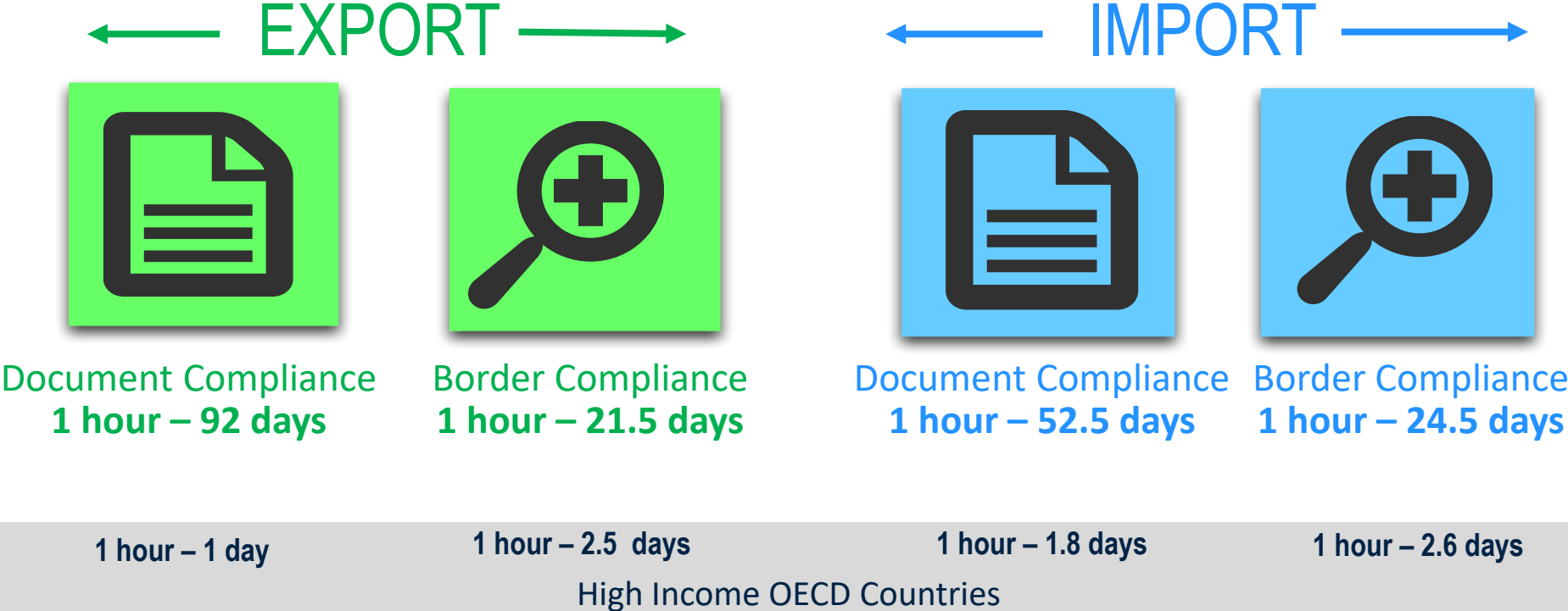
Logistics costs have a disproportionate burden on smaller firms



Source: Centro Logístico de Latinoamérica, Bogotá, Colombia. Benchmarking 2007:
Estado de la Logística en América Latina Anexo, María Rey Logistics Summit 2008

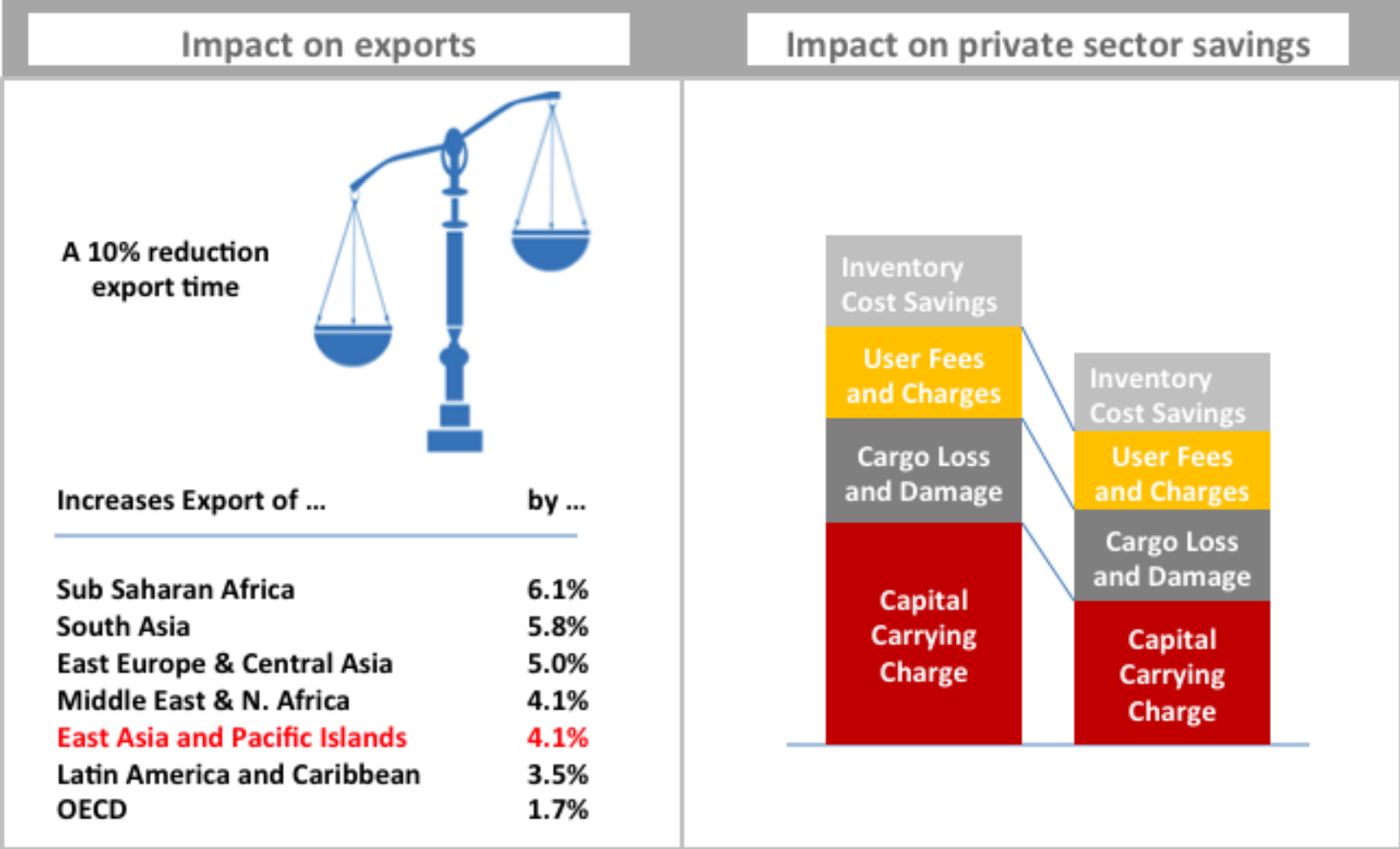
Trade transaction time

Trade transactions vary widely from country to country. In 2017 these transactions involved



Source: World Bank 'Doing Business' Project, 2018

Trade facilitation leads to big local gains



WTO TFA grouping articles

Transparency Articles



Article 1
Publication & Availability
of Information



Article 2
Comment
and Consultations



Article 3
Advance
Rulings



Article 4
Procedures for
Appeal or Review



Article 5
Measures to Enhance
Impartiality, Non-Discrimination
& Transparency

Fees, Charges & Formalities Articles



Article 6
Disciplines on Fees
and Charges



Article 7
Release and Clearance
of Goods



Article 8
Border Agency
Cooperation



Article 9
Movement under
Customs Control



Article 10
Import, Export
& Transit Formalities

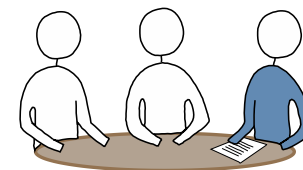


Article 11
Freedom
of transit



Article 12
Customs
Cooperation

Institutional Arrangement Article



Article 23
Institutional
arrangements

Trade Facilitation Project Focus Areas



**Simplifying & Standardizing
Procedures**

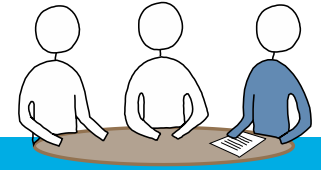
Collaborating at the Border

Border Risk Management

Authorised Operator

Automating trade transactions

National Trade Facilitation Committee (NTFC)



Objectives & Approach

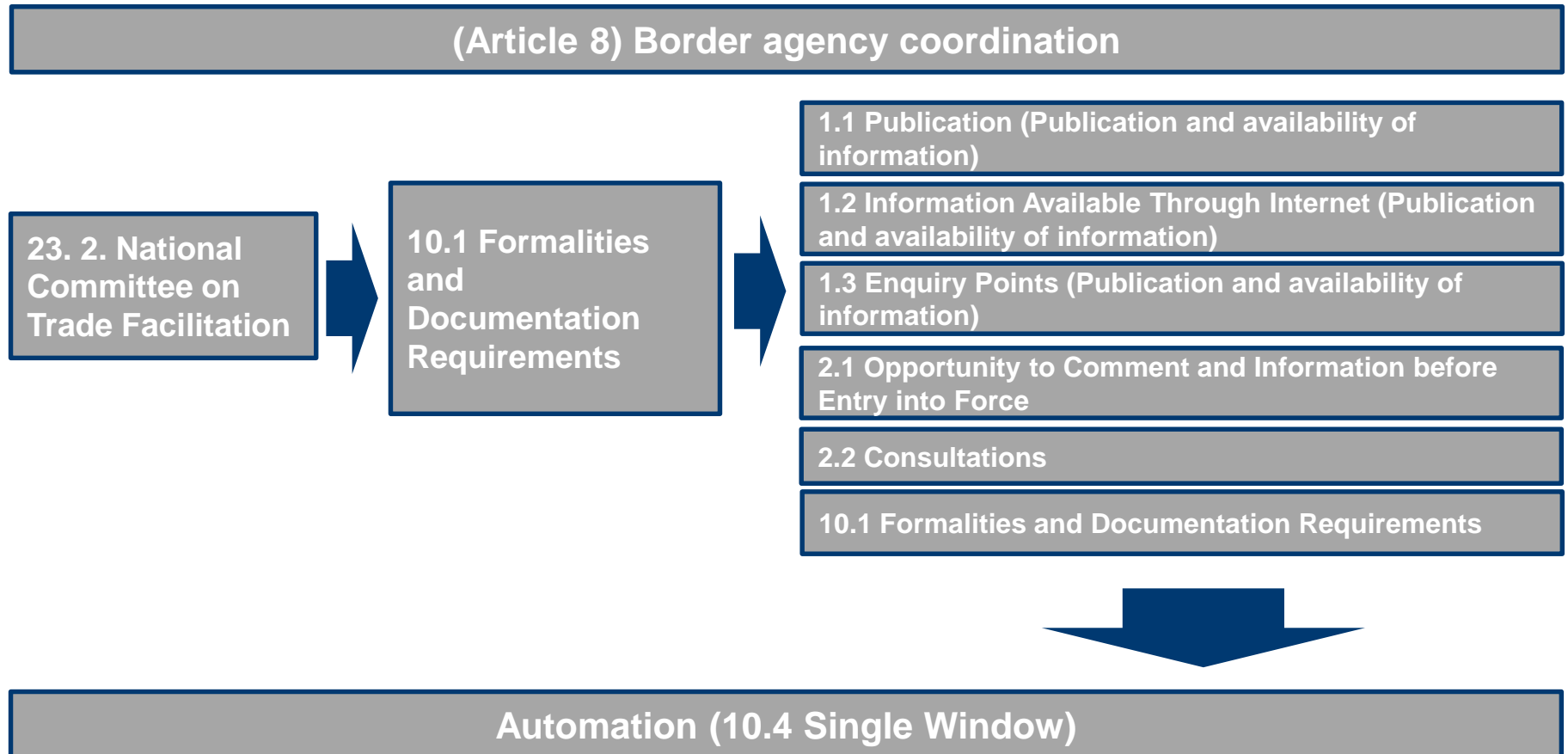
- Public & private sector together
- Set scope and objectives to meet national trade priorities
- Set the national trade facilitation implementation strategy
- Oversee development of action plans
- Supervising implementation progress

Key leadership
mechanism to
implement the
TFA

NPPO & E-Phyto

- E-Phyto & other NPPO initiatives (e.g. Sea Container Task Force) must be in the NTFC implementation plan
- NTFC will assist with coordination and cooperation across relevant government and private sector organisations

Importance of Implementation Sequencing



Simplifying & standardizing procedures

- Periodically review formalities and documents with a view to simplifying
- Document requirements and formalities should be as fast and efficient as possible

Case Study

- Philippines DA Trade System

NPPO & E-Phyto

- E-Phyto utilizes a standardized data set – check existing IT or manual documents utilize this data set
- Review procedures between NPPO processes and other agencies/organisations and standardize



DA Trade Enabling Risk Management System

"Enabling Low Risk Trade; Targeting DA Resources at High SPS Risks"

AGRI-RISK GOVERNANCE

Gives guidance based on overall SPS risk



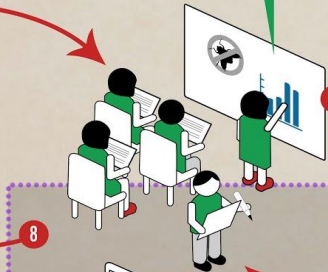
Changes resource allocation priorities

RISK ANALYSIS AND SPS RULE SETTING

Determines the case for, and nature of specific intervention/measures by SPS rules

SPS Rule Setting - development and review of laws & Administrative Orders (AOs)

SPS Rule Processing and Administration - issuing decisions under the AOs



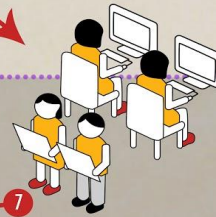
DA Trade System

Refines the case for, or nature of specific interventions/measures

OPERATIONAL RISK ASSESMENT

Develops sector/trade risk profiles, communicates rules and guidelines on how to comply with the rules

Determines compliance sampling and monitors levels of compliance



Reports on the performance efficacy/capacity of the system

Identifies & reports on trade trends, gaps and changes in agrifood SPS risks

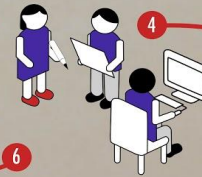
PROFILING & TARGETING

Develop profiles of risk products

Develop profiles of high risk traders

Shares information and coordinates with Food and Drug Administration (FDA) and Bureau of Customs (BOC) on anti-smuggling

Develop & refine specific targets for (pest & disease) risk consignments



Provides information to update profiles

INSPECTION, VERIFICATION AND ASSURANCE

Single integrated inspection at port of arrival or approved warehouse

Inspects targeted cargo for pests & diseases

Directs treatment or reshipment when unwanted pests and diseases are present

Inputs the data into the DA Trade System

Diagnostic and testing



New Governance Committee
(Risk Management Leadership Committee)

Enhanced SPS Rule Making Capacity
- Pest/disease risk analysis (BPI, BAI, BFAR)
- Centralized SPS rule setting team
- Emerging Risk Committee

New Function

New Function

Single, Integrated Inspection Process

Collaborating at the border

- Border agencies to co-operate with one another and coordinate their activities in order to facilitate trade
- Countries with common land borders shall cooperate and coordinate procedures (extent possible and practicable)



NPPO & E-Phyto

- Promote developing a national data model for trade transactions – E-Phyto, Cites, Customs etc.
- Protocols and the legal mandate to share information

Risk Management

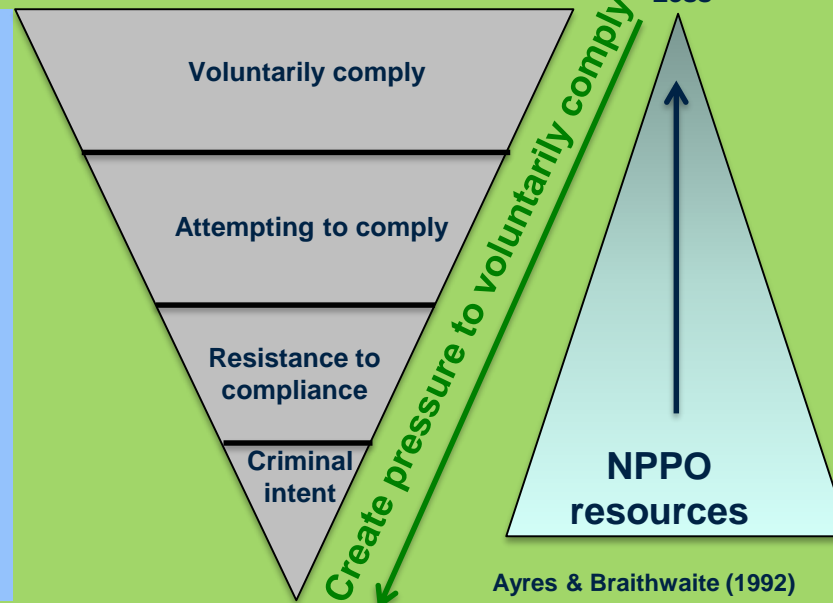
- Focus is primarily on the application of risk criteria at the border
- Promotes resources being focussed on areas of high risk

Case Study

- Philippines DA TERMS Program
 - Targeted Inspection
- Balkan States – Risk & Compliance Strategy & Policy
- Sea Container Task Force

NPPO & E-Phyto

Categories of Attitude to Compliance



Ayres & Braithwaite (1992)

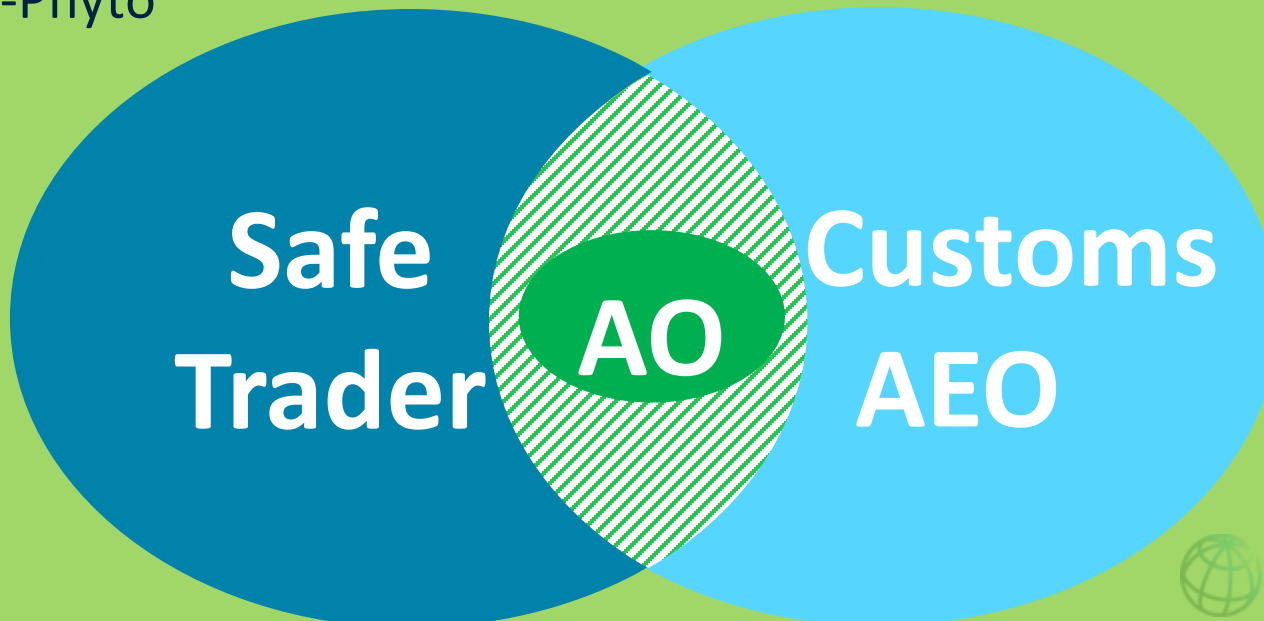
Authorised Operator

- Focus is primarily on the application of risk criteria at the border
- Promotes resources being focussed on areas of high risk

Case Study

- *Pilot under discussion*
- SCTF to evaluate application in the sea container pathway

NPPO & E-Phyto



Safe Trader Program - Some Design Considerations

- Legal basis
- Risk and compliance policy and framework
- Eligibility criteria
- Benefits
- Agency capacity and capability to manage the program
- Process for developing simplified rules for low risk and less hazardous cargo
- Process for developing simplified procedures for Safe Traders
- Communicating the rationale for the approach
- Verification and audit of Safe Traders
- Coordination and collaboration with Customs
- Critical success criteria

Safe Trader Program – Some Eligibility Criteria Considerations

Trader

- Trader history of conformance/compliance to SPS standards
- Trader history of regulatory compliance

Trust in Trader to Report

- Change in product risk since export e.g. product recall
- Discovery of Hitchhiker Pest/Disease
- Discovery of contamination during transport
- Discovery of cold-chain integrity mishap

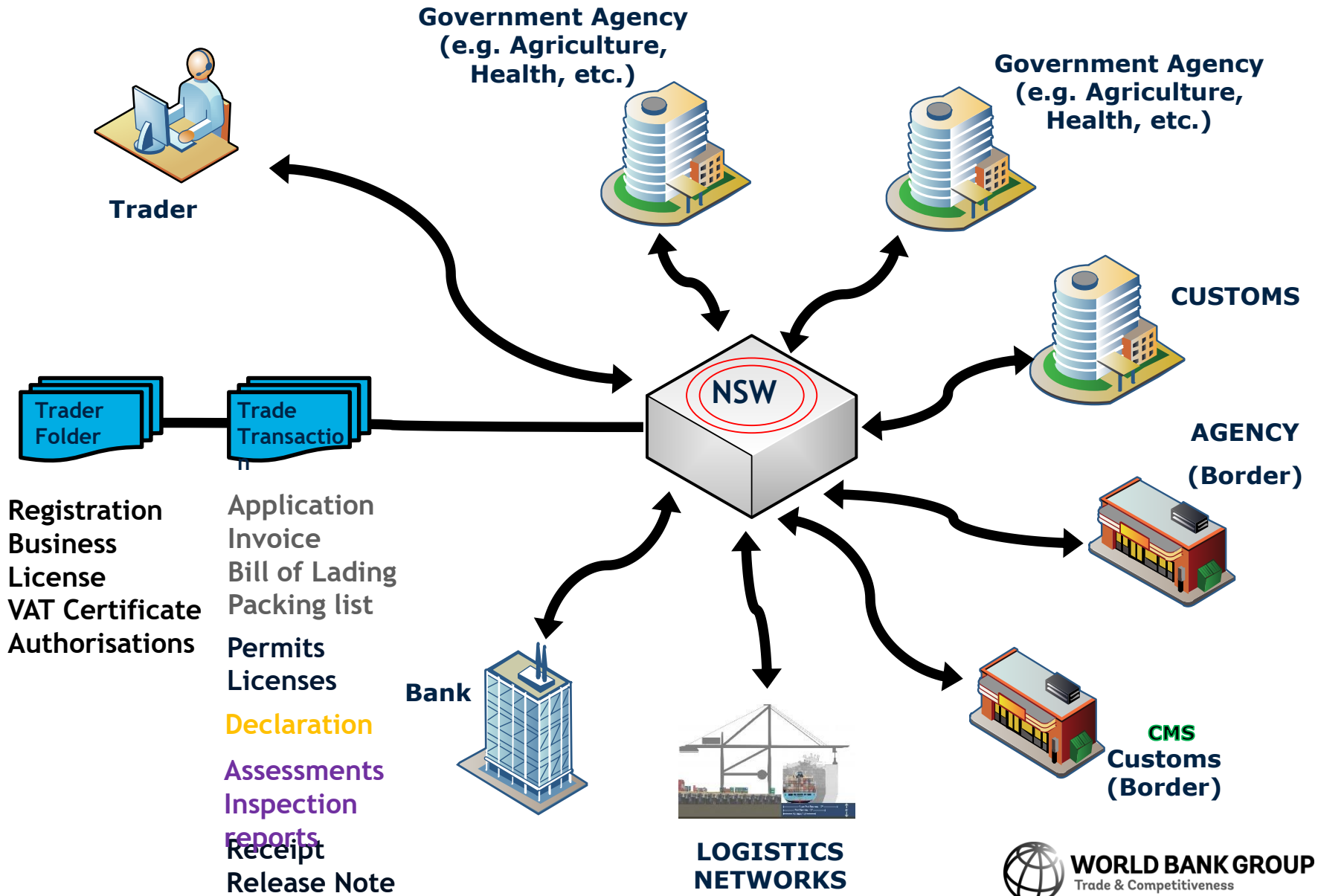
Agency Risk & Intelligence Capacity

- Allegations of non-reporting or mis-reporting
- Change in the risk profile of trader or commodity or transport
- Process for communicating emerging SPS risks

E-PHYTO TO SINGLE WINDOW – A FEW THOUGHTS.....

- ❑ Sequencing
- ❑ Process Efficiency
- ❑ Baseline estimations
- ❑ Measuring Impact
- ❑ Stakeholder Coordination
- ❑ Visioning & Integration into NSW

CONCEPT OF SINGLE WINDOW



The Regulatory Single Window

A facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. For information submitted electronically, individual data elements should only be submitted once.

UN CEFACT, Recommendation No. 33, July 2005

STRATEGY FOR BUILDING A NATIONAL SINGLE WINDOW ENVIRONMENT

Strategy Components

- Vision Statement
- Functional Model
- Operational Model
- Governance Model
- Financial Model
- Capacity Building Plan
- Legal Framework
- Constraints

Leading to...

Blueprint for Implementation to take to market

SW Implementation Lessons Learned

Managing complexity:

- SW implementation is a long-term endeavor and complex
- Any automation solution cannot be stand-alone, needs to be appropriate and customized for the existing context;
- Must include all stakeholders

Creating an enabling institutional framework:

- A change champion often important to initiate the process but change champions needed to sustain the long term effort involved
- Leadership important but need to make sure all stakeholders share the same vision and accountability for success
- Clear and unambiguous mandate for the lead agency is essential

Planning is key:

- An automation trade processing system is an enabler and preparation beforehand is crucial
- Challenges and risks need to be identified and pragmatically assessed - Ambitions and timelines need to be realistic (e.g. telecoms infrastructure, business culture etc)
- Sequencing is critical

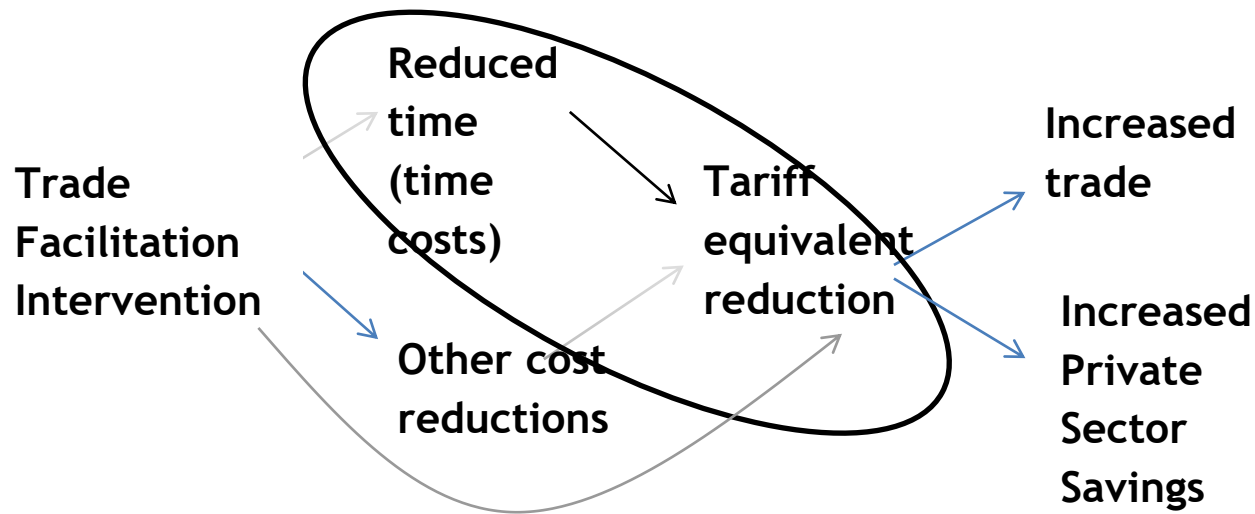
- Using **Indicators** to track reform progress
A couple of **principles**.....
-

1. Clustering indicators and measurement

2. Estimating:

What Difference Does a Day Make ?

TOP-DOWN PRIVATE SECTOR SAVINGS METHODOLOGY: ESTIMATED WILLINGNESS-TO-PAY FOR TIME REDUCTIONS



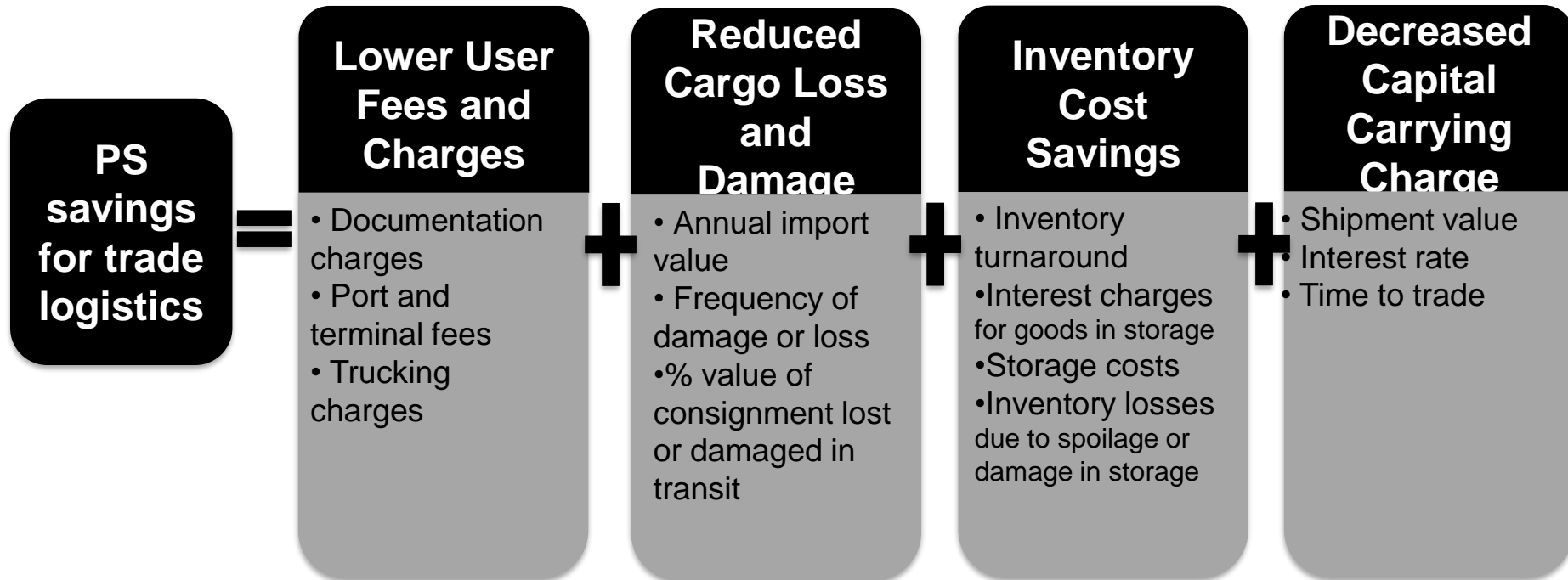
General Intuition for valuing trade facilitation activities: Every day reduces the value of traded goods by roughly 1% (0.6 percent if the conservative estimate, which we use). The model suggests that **traders could pay between .6 and 2.1 percent ad valorem on average for each day of time.** This methodology is currently being tested through field impact evaluations in different countries

The methodology can be expressed through this formula:

$$\text{Annual Savings} = \text{Change in trading time} \times \frac{\text{Intervention share}}{\text{share}} \times \text{Tariff equivalent (Value of reductions in time to trade)} \times \text{Value of Trade in the baseline year}$$

Bottom-up Private Sector Savings Methodology:

Identifying sources of cost and adding them up



IPPC/WBG Partnership

- *Global Partnership with IPPC*
- *Leveraging resources for member countries*
- *IPPC/WBG joint TFA Missions*
- *Malawi;*
- *Samoa;*
- *Philippines;*
- *Tajikistan*
- Sea Container Task Force
- Plant Health Legislation revision – TL & Fiji
- SPS & Trade Facilitation Diagnostic Tool

Thanks

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