

# TRADE FACILITATION & PLANT HEALTH RECENT LESSONS



**WORLD BANK GROUP**

Trade & Competitiveness

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# TRADE AND COMPETITIVENESS GLOBAL PRACTICE



**The World Bank Group is a major provider of trade related assistance with a current portfolio of 7 Billion**



**Analysis and Diagnostics**

**Technical Assistance**

**Financing of major trade infrastructure and institutional reform projects**

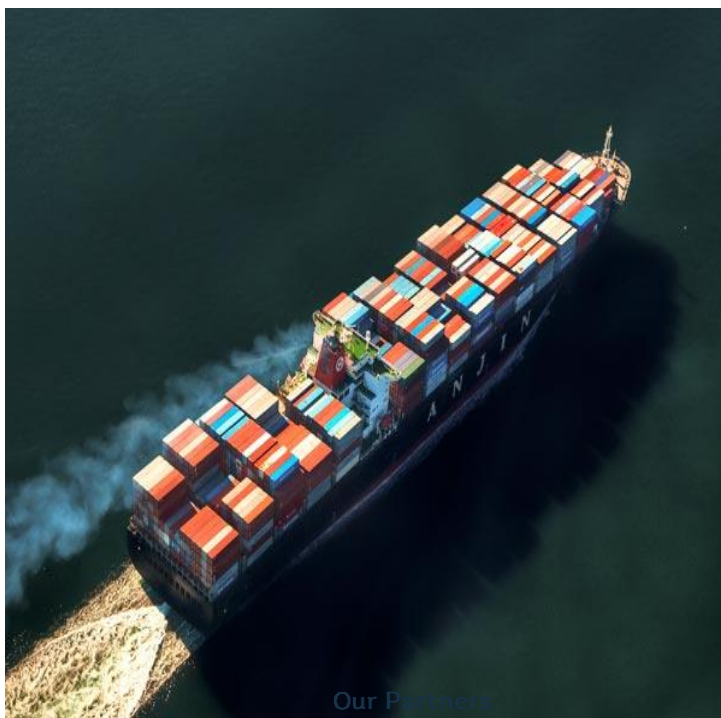
**Research and data products (LPI/Doing Business)**

**Global advocacy and partnerships**

# WTO-TFA PREPARATION & IMPLEMENTATION SUPPORT TRADE FACILITATION SUPPORT PROGRAM (TFSP)

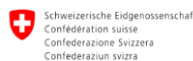
## Objective

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



## Vision

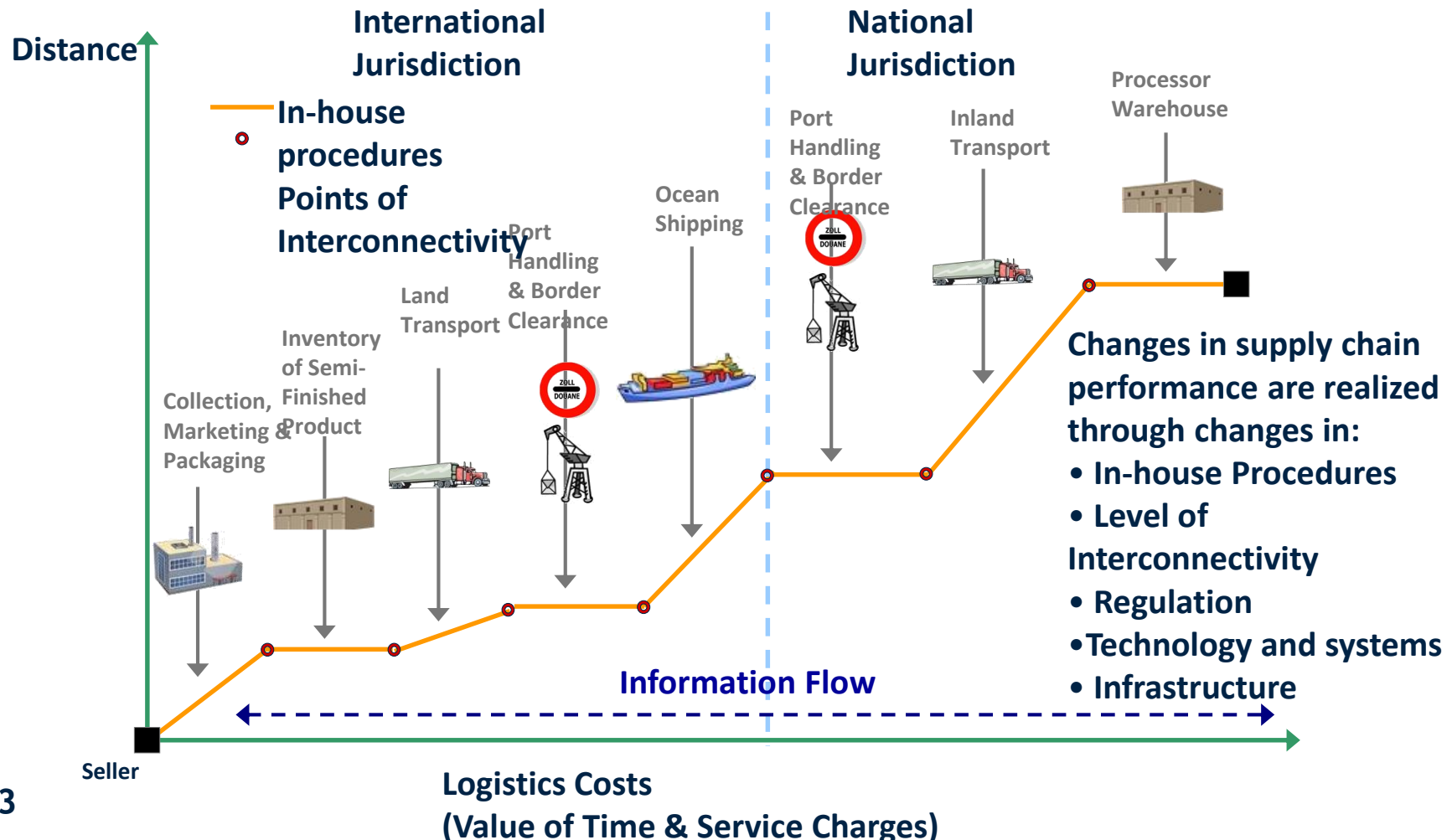
- ☐ Implementation focused
- ☐ Rapid response capability
- ☐ Deep engagement with the private sector
- ☐ Strong monitoring, evaluation & results framework
- ☐ Complementary & sequenced Technical Assistance (TA) activity
- ☐ IFC-WB presence in most countries, project components included at national and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



# Trade Facilitation – a couple of definitions

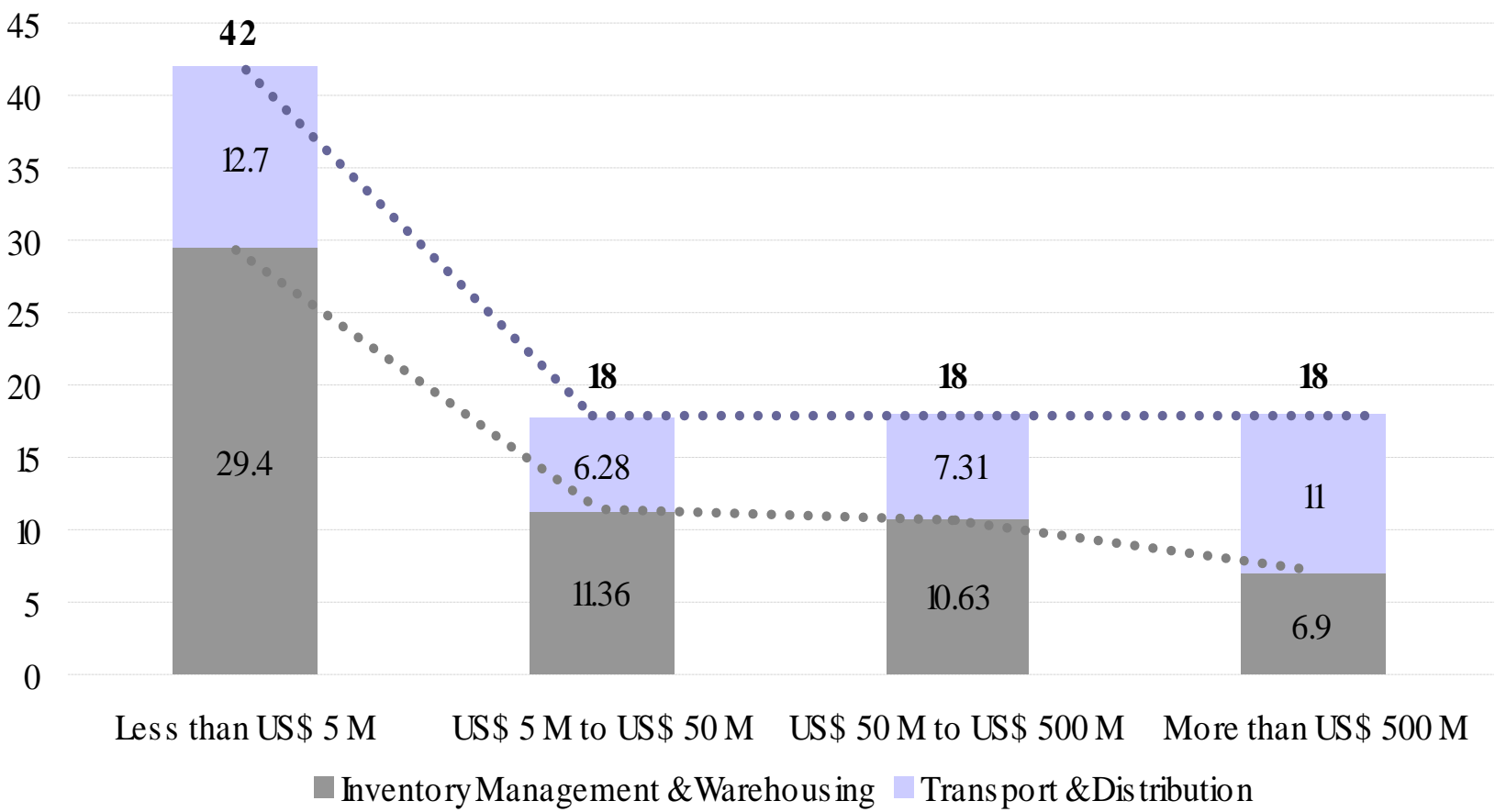
“simplification, standardization, and harmonization of procedures & processes and associated information flows to move goods through the supply chain in a transparent and predictable manner”

“identifying and addressing bottlenecks that are imposed by weaknesses in trade related logistics and regulatory regimes and that prevent the timely, cost effective movement of goods.”



# DISPROPORTIONATE BURDEN ON SMALLER FIRMS

Average logistics cost as a % of sales



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

# SO WHAT IS CHANGING AT THE BORDER?

## Historical Approach

- Priority on control
- Reform episodes
- High levels of physical inspection
- Focus on goods
- Focus on identifying non-compliance
- Limited incentives for compliance
- One size fits all
- Limited use of ICT
- Adversarial relationship with trade
- Competition between agencies
- Limited cooperation with neighbors
- Limited operational statistics
- Immediate transaction focus













## Modern Approach

- Facilitation/control balance
- Continuous improvement
- Intervention by exception (risk based)
- Focus on information
- Focus on compliance & non-compliance
- Strong incentives for compliance
- Flexible solutions for different clients
- Extensive use of ICT
- Constructive partnership with trade
- Collaboration between agencies
- Extensive cross-border cooperation
- Clear measures of performance
- Client compliance and audit focus

**Fast, fair, predictable and transparent processing and clearance of import, export and transit goods**



# WTO TFA - KEY TECHNICAL ARTICLES

Transparency Articles 1-5	Concerning fees, charges & formalities Articles 6-12
 1. Publication and availability of information	 7. Release and clearance of goods
 2. Opportunity to comment, information before entry into force and consultation	 8. Border agency cooperation
 3. Advance rulings	 9. Movement of goods under customs control intended for import
 4. Appeal or review procedures	 10. Formalities connected with importation and exportation and transit
 5. Other measures to enhance impartiality, non-discrimination and transparency	 11. Freedom of transit
 6. Disciplines on fees and charges imposed on or in connection with importation or exportation	 12. Customs cooperation

**Institutional Arrangement and Final Provisions**

**23. National Trade Facilitation Committee**

# KEY ASPECTS OF MODERN BORDER MANAGEMENT APPROACH

Simplification  
and  
harmonization  
of processes  
and  
procedures

Risk  
Management

ICT based  
reforms

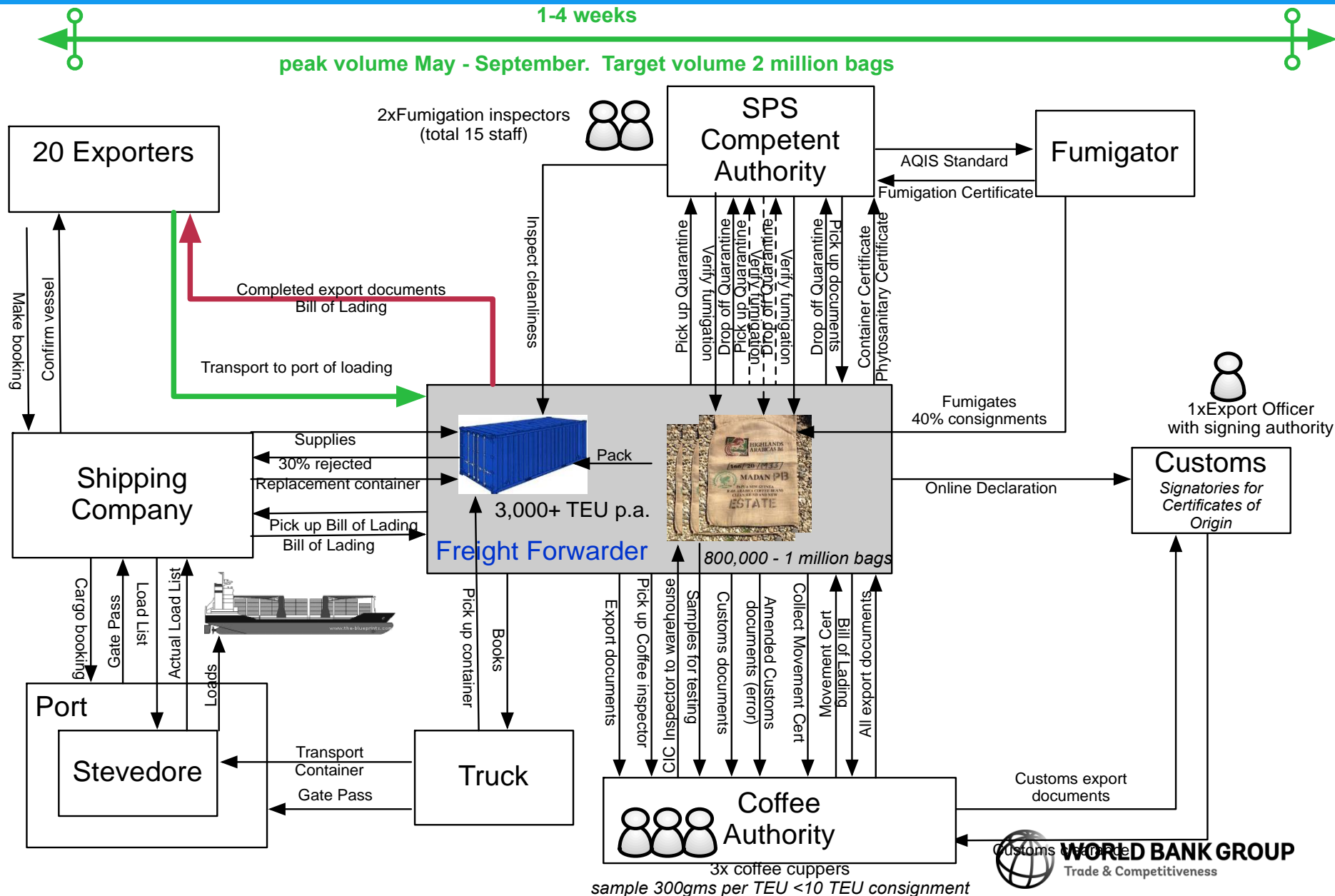
Border  
Agency  
Coordination  
&  
Collaboration



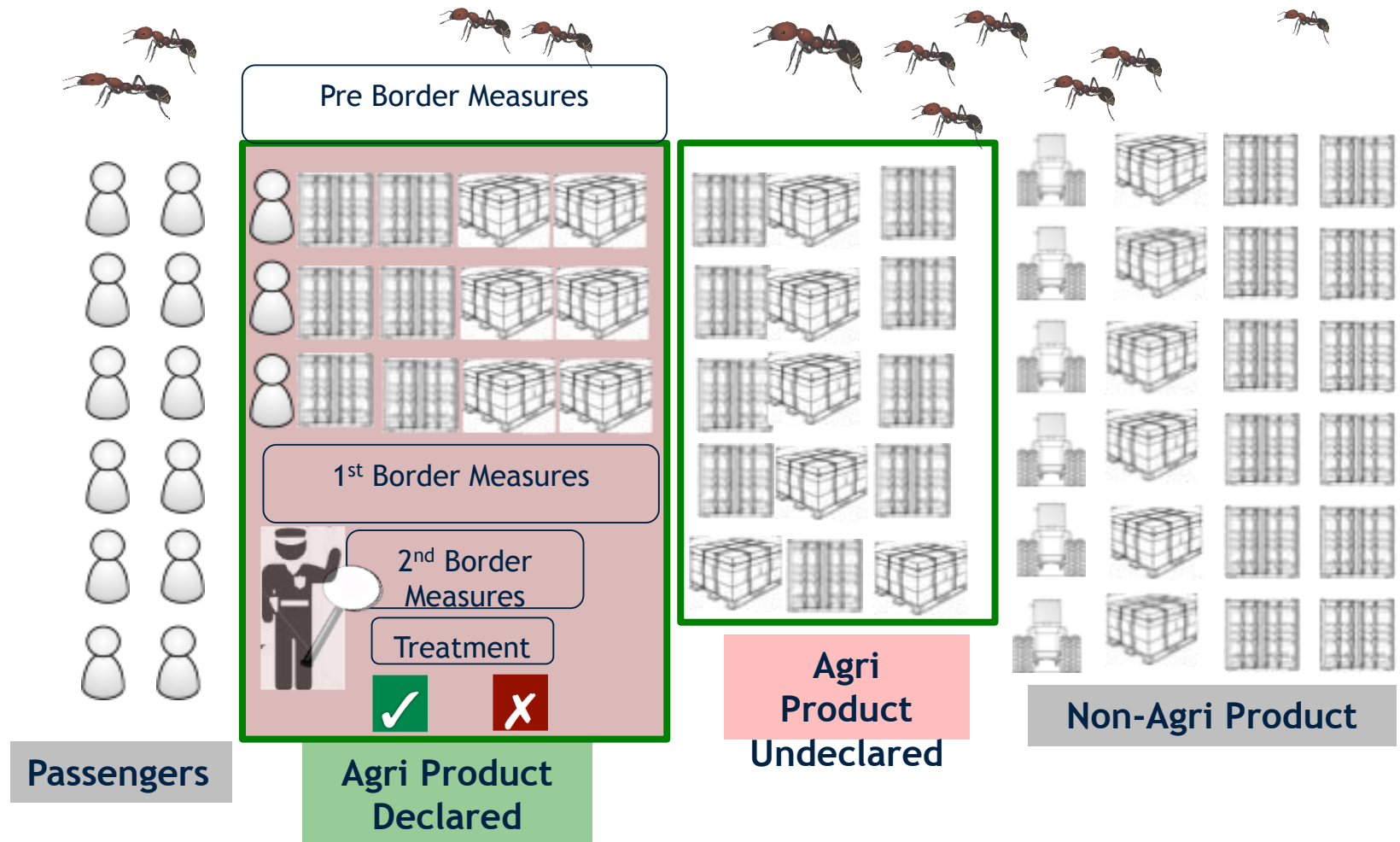
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# THIS PRACTICE IS UNSUSTAINABLE



# COMMON BORDER MANAGEMENT APPROACH FOR AGRICULTURE



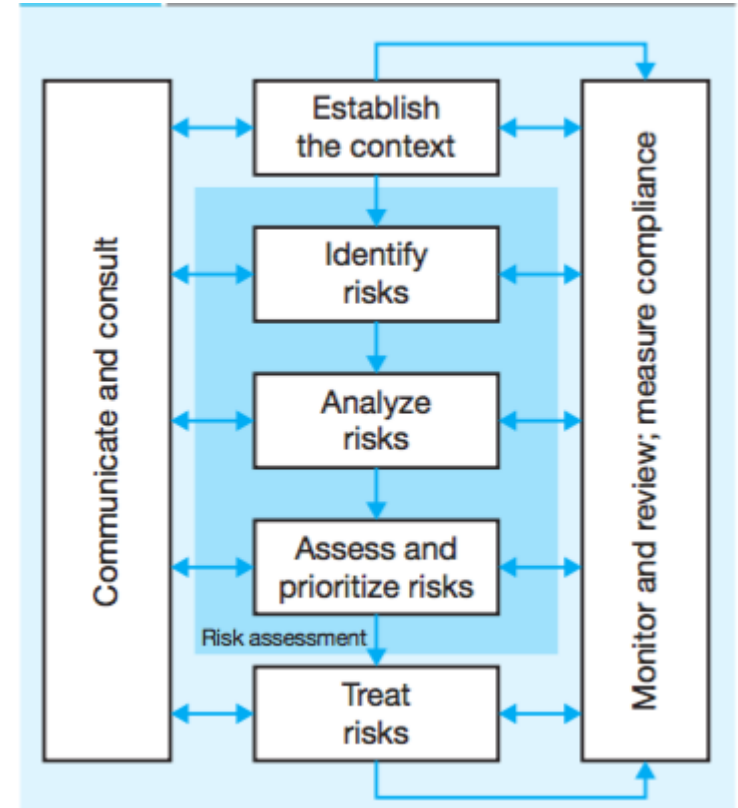
# WHICH CONSIGNMENT?

A high-angle, wide shot of a port yard filled with numerous shipping containers stacked in rows and columns. The containers are in various colors including blue, red, green, and white. Some containers have logos like 'LIBRA' and 'EVERGREEN' visible. The scene is brightly lit, suggesting a sunny day.

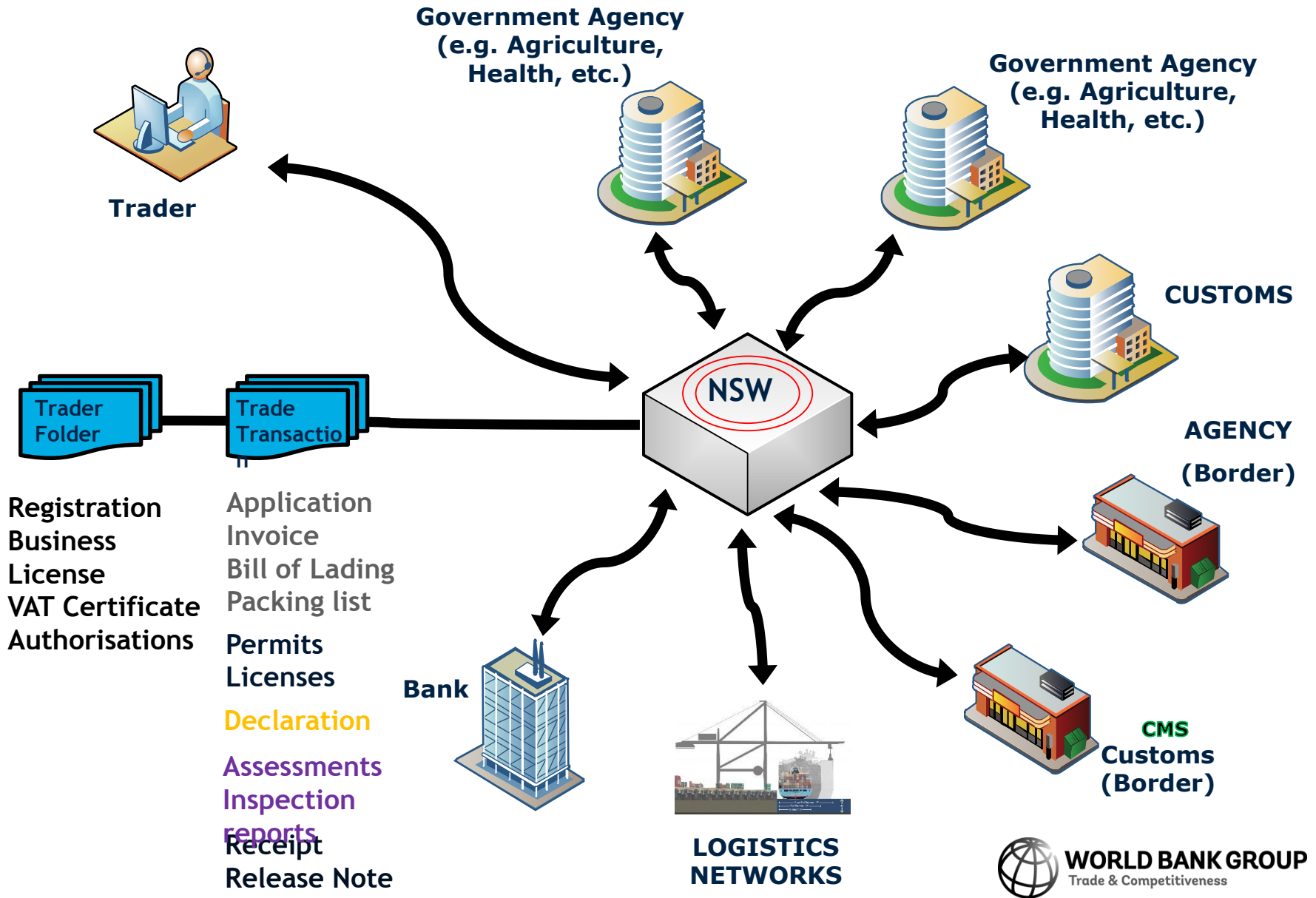
**The use of a structured and systematic risk process makes it easier for officials to make the right choices.....to collect the correct revenue, to protect consumers, to facilitate trade and to detect smuggling**

# RISK MANAGEMENT

1. Risk Management approach in clearance procedures
2. Agency to agency cooperation within government
  - Data sharing
  - Transparency
  - Risk based information sharing, targeting and decision making
  - Post clearance audit
3. Partnership with trader
  - Trusted trader programs
  - Facilitation of low risk traders



# 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**



# THE REGULATORY SINGLE WINDOW

- ***Single Submission of data and information;***

*Meaning each separate data item pertaining to the release/clearance of a shipment is only required to be supplied once (whether by a commercial operator or a government agency)*

- ***Single and Synchronous processing of data and information;***

*Meaning that the handling of the data in a specific release/clearance process by government agencies should involve one-time handling, from a Trader's perspective, that may be synchronous across agencies, and*

- ***Single Decision-making for Customs release and clearance of cargoes***

*Meaning a single point of decision for the release/clearance of cargoes by Customs on the basis of decisions, if required, taken by line ministries and agencies and communicated in a timely manner to Customs*

# 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**

# NSW IMPLEMENTATION LESSONS LEARNT....

## ■ 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, particularly SPS Agencies.













## ■ 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 key - Trade Information Portal a good place to start – requires the same inter-agency coordination

# TFA FRAMEWORK FOR BORDER COORDINATION & COLLABORATION

Transparency Articles 1-5		Concerning fees, charges & formalities Articles 6-12	
	1. Publication and availability of information		7. Release and clearance of goods
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Institutional Arrangement and Final Provisions			
23. National Trade Facilitation Committee			

# The TFA emphasizes a coordinated Border Management Approach to Trade Facilitation to address common challenges faced by traders

**Lack of coordination and communication among border agencies leads to:**

- **Unnecessary delays export and import clearance and transit procedures**
- **Lack of a risk based approach to border clearance**
- **Strains on infrastructure/border post facilities due to increased congestion**
- **Increased loss of perishable goods**
- **Increase in overall time to release of goods**
- **Competition among agencies & confusion of competencies**

**The supply chain as a whole is disrupted by these issues**

# KEY BENEFITS

## For Border Agencies

Decreased administration & enforcement costs through:

- Process reengineering to streamline and harmonize procedures
- Empowering manpower across agencies for shared responsibilities;
- Coordinated risk management: shared information for shared-decision on high-risk cargo
- Sharing of non-intrusive inspection equipment and inspection bays: e.g., Integrated check posts and mirror image facilities across borders

## For Trading Community

- Decreased compliance costs through streamlined and simplified procedures
- Increased efficiency in inspection and release of phytosanitary goods
- Improved quality of services rendered by border agencies
- Expedited border crossing thorough harmonized physical inspections; improved flow management



# IMMEDIATE CHALLENGE FOR AGRIFOOD TRADE

- Capacity to implement
- Create a 'single window environment'
- Develop Information management systems to
  - Support risk management
  - Support border compliance and market feedback to producers
- Develop of a set of information system guiding principles for agrifood public & private sector agencies to turn to for strategic guidance
- Engage with the World Customs Organization on the WCO Data Model
- Adopt Coordinated Border Management approach
- Pilot and implement 'Safe Trader Programs'

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Thanks

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