TRADE FACILITATION

The Critical Role of Trade Facilitation in Supporting Economic Diversification and Structural Reforms

WTO, Geneva
May, 20 2019

Bill Gain
Global Lead
Trade Facilitation and Border Management
World Bank Group
The World Bank Group has implemented more than 120 customs, border management and trade facilitation projects over the past 20 years that have resulted in major improvements in terms of reduced time to import and export, as well as better transparency, predictability, and reduced transaction costs for traders.

Part of this is the WBG’s support to the WTO’s TFA agenda through the Trade Facilitation Support Program (TFSP)
February 22, 2017: WTO TFA entry into force

TFA ratified by 142 (86.6% WTO members)

2019 and beyond

86 developing and LDC members have notified their intent to utilize the special and differential treatment provisions of the TFA.

Trade facilitation has been identified as a top Aid-for-Trade priority by 62 developing countries. (source: 2019 joint OECD WTO M&E exercise)
OVERVIEW:
WBG TRADE FACILITATION SUPPORT PROGRAM (TFSP)

TFSP, managed by the Macroeconomic, Trade & Investment (MTI) Global Practice, provides support to 47 countries seeking assistance in aligning their trade practices with the TFA. It is financed by 9 development partners who have committed over US$45 million since 2014.

Countries supported include:

- International Development Association (IDA)-eligible, low-income, and fragile and conflict affected countries
- Middle-income countries that act as gateways
OVERVIEW:
TFSP TECHNICAL ASSISTANCE DEPLOYMENT

Technical assistance is commonly deployed:

- In collaboration with other Annex ‘D’ or International organizations
- In support of WBG trade facilitation-related lending projects
- Joint delivery of technical support (e.g., gap assessments, TRS, etc.)
- Separately implemented but designed to complement and extend outcomes
As of February 2019, 114 WTO developing and least-developed members have made notifications to the WTO Trade Facilitation Committee identifying the TFA measures where TACB support is necessary. 63 of those members have classified measures under category C.

Common challenges:
- Complexity of design and implementation
- Lack of multi-agency coordination
TACB SUPPORT TYPES REQUESTED [per WTO notifications]

- Human resources and training: 65%
- Legislative and regulatory framework: 60%
- Information and Communication Technologies (ICT): 51%
- Institutional procedures: 34%
- Infrastructure and Equipment: 33%
- Diagnostic and Needs Assessment: 21%
- Awareness-raising: 10%

Capacity Building:
- 3 Advance Rulings: 65%
- 7.4 Risk Management: 51%
- 6.3 Penalty Disciplines: 50%
- 5.2 Detention: 50%
- 4 Appeals: 50%

Awareness-Raising:
- 10.6 Use of Customs Brokers: 17%
- 10.3 Use of International Standards: 13%
- 10.2 Acceptance of Copies: 13%
- 1.1 Publication: 11%
- 7.7 Authorized Operators: 11%
TACB SUPPORT TYPES REQUESTED CONT. [per WTO notifications]

- Human resources and training: 65%
- Legislative and regulatory framework: 60%
- Information and Communication Technologies (ICT): 51%
- Institutional procedures: 34%
- Infrastructure and Equipment: 33%
- Diagnostic and Needs Assessment: 21%
- Awareness-raising: 10%

ICT:
- 1.1 Publication: 67%
- 1.2 Internet Publication: 65%
- 10.4 Single Window: 61%
- 5.1 Notifications Enhanced Inspections: 55%
- 1.3 Enquiry Points: 45%
- 7.4 Risk Management: 44%

Infrastructure and Equipment:
- 7.9 Perishable Goods: 56%
- 10.8 Rejected Goods: 50%
- 5.3 Test Procedures: 42%
- 10.4 Single Window: 39%
- 1.2 Internet Publication: 35%
- 5.2 Detention: 33%
TFSP SUPPORT ON SPECIFIC TFA MEASURES

Concentration of support for these measures is a result of client demand and sequencing strategy.

- 23.2 NTFC: 60%
- 7.4 Risk Management: 48%
- 1.1 Publication/1.2 Internet Publication: 31%
- 7.6 Average Release Times: 24%
- 10.4 Single Window: 24%
- 8 Border Coordination: 19%
- 7.7 Authorized Operators: 19%
- 10.1 Formalities and Documentation: 17%
RECIPIENTS OF TA SUPPORT FUNDED BY TFSP

- Government: 31%
- Customs: 27%
- NTFC: 17%
- Multiple Border Authorities: 18%
- Standards Authority: 1%
- SPS Authorities: 5%
Critical to measure full and effective implementation.

- **Legal/Policy**: Measures the extent to which legal or administrative measures are in place that establish policies consistent with the TFA.
- **Implementing Procedures**: Determines whether procedures consistent with the TFA have been developed to give effect to relevant policy prescriptions.
- **Practice - PS**: Measures the extent to which policies and procedures consistent with the TFA are applied in practice.
TACB is having a positive impact on time and cost of clearance of goods.

For example:

**Ethiopia**
- Import cargo selected for red channel (physical inspections) reduced by 48% (2014-2018)
- Obligation to present copies of tax certificates and bill of lading for export eliminated (2017)

**Bangladesh (port of Chittagong)**
- Reforms related to simplification of procedures, national border agency coordination, risk management, trade portal, and NTFC has reduced time to import by 22.7% (from 11 days to 8.5 days)

**Timor-Leste (port of Dili)**
- Reforms related to risk management, NTFC, TRS, and legislation has reduced time to trade by 62.6% (from 15.06 days to 5.63 days)
Country reports and periodic time release studies show reduction in Customs physical inspections, elimination of unnecessary documents, automation of manual processing steps, and consequent reduction of clearance times. World Bank surveys (the Logistics Performance Index (LPI) and Doing Business) likewise show a positive trend.
OECD TF INDICATORS (TFIs)

The OECD developed TFIs to support the negotiation and implementation of the TFA. TFIs are precisely targeted for monitoring and benchmarking worldwide country performance on TF. The indicators:

- Measure the actual extent to which countries have introduced and implemented TF
- Cover 163 countries (all income levels and geographical regions)
- Allow for comparison by income group, geographical group and regional group
- Help policy makers assess the state of their TF efforts, identify challenges and opportunities, as well as help to identify and prioritize technical assistance and capacity building needs

Using the TFIs, the World Bank Enterprise Survey, and the OECD Trade by Enterprise Characteristics, the OECD discovered patterns in the relationship between SMEs and TF. Notably, a 0.1 improvement in TFI increases the probability of a firm becoming an exporter or importer by about 1.5-3.3% (based on average index of 11 TF areas). SMEs in particular benefit relatively more from improvements in overall TF environment.
e-commerce

US$4.8 trillion globally by 2021
A seller establishes an internet presence to accept online orders
A buyer with internet access places an order through an acceptable payment method
Good is delivered

TF measures that are important to support cross-border e-commerce trade:
• De minimus duty and tax exemptions
• Simplified release procedures
• Pre-arrival information
• Simplified procedures for re-export/re-import of returns
• Border agency coordination
Thank you

For more information:
www.worldbank.org/tradefacilitation
TFSP@worldbankgroup.org
Thank you

World Bank Group

OECD

UNCTAD