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Trade Facilitation and the Single Window in the context of the WTO negotiations

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About the World Bank

- One of the world's largest providers of financial support and technical assistance for developing countries – IBRD/IDA
- Bank + International organization (UN system) - Owned by its 185 members/shareholders – 10,000 staff in 100+ countries
- In 2008 - $ 24.7 billion in loans and grants
- Bank financing - Country implementation - Demand driven
- Focus on global poverty reduction – Trade an engine for economic growth
- Financed 120 Customs projects in last 20 years
- Current Customs portfolio of $449 million plus $91 million in the pipeline

New Bank Developments

- The WB is ramping up its trade facilitation work program – research, diagnostics, technical assistance and projects
- The WB is working closely with other organisations such as the IMF, WTO, UNCTAD and WCO with trade facilitation reforms resulting in two major initiatives:
  - The Global Facilitation Partnership for Transportation and Trade (www.gfptt.org) and
  - The Trade Facilitation Negotiations support Project (TFNSP)
- The WB continues to develop knowledge and analytical tools in the form of economic research and the production of vision state and toolkits including:
  - The Logistics Performance Index (LPI) and component indicators
  - Preparing a new book "Border Management Modernisation: A Guide for Reformers" will be released in mid 2009
  - A new Trade Facilitation Facility

Reform and Modernization Key Elements

The application of modern internationally agreed good practice approaches to border processing to achieve a shift from:

Current Practice	Future Practice
Control focus	Facilitation/control balance
High levels of Physical inspection	Intervention by exception
Focus on the goods	Focus on information
Focus on identifying non-compliance	Compliance/non-compliance balance
One size fits all	Flexible solutions for different clients
Limited use of ICT	Extensive use of ICT
Adversarial relationship with trade	Constructive partnership with trade
Competition between agencies	Single window (or single submission)
Limited incentives for compliance	Strong incentives for compliance
Limited cooperation with neighbors	Extensive cooperation and sharing
Limited operational statistics	Clear measures of performance

Background to WTO Negotiations

- Trade facilitation not a new issue for the WTO
  - Article V (*freedom of transit*)
  - Article VIII (*fees and formalities associated with import and export*)
  - Article X (*publication and administration of trade regulations*)
- WTO Ministerial Conference, Singapore 1996 – Desirability of improving Articles V, VIII and X first raised – as part of the so-called 'Singapore Issues' (Investment, Competition Policy, and Transparency in Government Procurement)
- WTO Ministerial Conference, Cancun 2003 – Negotiations broke down over the Singapore Issues – no agreement reached to move forward … but

Progress to Date

- NGTF has met at 1 – 2 month intervals since November 2004
- Good progress made – Trade Facilitation the star of the WTO show
- 100 + Proposals on GATT Articles V, VIII and X submitted by 100 countries – by over 100 members
  - Administrative appeal mechanisms
  - Binding advance rulings
  - Simplification of documentation based on international standards
  - Cooperation between border control agencies
  - Risk management
  - Post clearance audit based controls
  - Publication of rules and regulations etc
  - Single window – one time submission

Key Issues/Challenges

- Key differences exist in scope and ambition
- TF captive of wider WTO Doha agenda
- Lack of technical knowledge amongst negotiators
- DC/LDC members reluctant to commit to new series of binding disciplines when implementation implications not clear
- Technical Assistance and Capacity Building support
  - Will it actually materialize?
  - What will it cover?
  - How much is needed?
  - How will it be managed?
  - What role for private sector?

What sort of mechanism will be necessary to manage the process?

- A robust process for identifying needs and matching them to availability of support
- Flexibility – bilateral and multilateral donors according to capacity, resources, priorities and comparative advantage
- Complement, rather than replace existing activities and assistance mechanisms
- Identify economies of scale
- Compatibility with international standards
- As least resource intensive as possible
- Incorporate a sound evaluation and review mechanism

Do the WTO negotiations really matter?

- Yes
  - New agreement likely to raise profile of issue and lead to new and productive investment in long neglected border management reform and modernization
  - Content of many proposed new measures is significant for traders
  - WTO Agreement is enforceable

Do the WTO negotiations really matter?

- No
  - Little new on the table
  - Avoiding the difficult trade-related issues such as comprehensive reform and investment in hard infrastructure
  - So many concessions made to DC/LDC members in Annex D that genuine enforceability problematic

Trade facilitation in practice – What works?

- Automation
- Harmonization of systems, procedures and documentation in line with international standards
- Measurement of performance
- Transparency
- Cooperation and partnership with the private sector
- Risk Management
- Human Resource Management
- Border agency cooperation

Benchmarking: Logistics Performance Indicators (LPI)

	LPI landlocked	Av. Rank/150	LPI coastal	Av. Rank/150
EU	3.54	24	3.51	26
East Europe Central Asia	2.36	104	2.49	91
East Asia & Pacific	2.17	127	2.66	78
Latin America Caribbean	2.44	89	2.58	79
Sub-Saharan Africa	2.23	115	2.40	99
South Asia	1.84	136	2.64	72

LPI 1 (Worst) to 5 (Best) scale = aggregate LP on several dimensions

⇒LLDC are the most severely constrained countries with highly unpredictable supply chains.

Source The World Bank Connecting to Compete 2007.

Assessing Logistics Performance

- The LPI is a composite index based on performance of countries on six indicators of trade related logistics performance, namely:
  - Efficiency of customs and other border agencies (in expediting cargo clearance)
  - Infrastructure efficiency (in the quality and quantity of transport infrastrucure and information technology infrastructure for logistics)
  - Ease and affordability (of arranging international shipments)
  - Competence of the local logistics industry (where freight forwarding operations are subcontracted to domestic agencies by global logistics companies)
  - Ability to track and trace international shipments (while the shipments are en route)
  - Timelineness of shipments in reaching final destination.

- On average one LPI point on this scale is the equivalent of six days more to import and three days more to export.

What's needed to hold down these costs and improve services?

- Performance depends on a combination of infrastructure procedural arrangements and services.
- Better infrastructure is quite often needed, of course, but to get good returns from the investments requires:
  - Proper set up of the transit systems including implementation mechanisms.
  - Alignment of the incentives and improving the political economy of transit in landlocked and transit countries. Including: market oriented regulations of services and governance.

Start with the basics of regional integration and infrastructure

- Transit/transport agreement on cross-border movement of vehicles, drivers and goods.
- Road infrastructure
- Other regional integration: e.g. Insurance
- Border infrastructure
- National institutions (transport, customs, CC)
- Multinational institutions (Corridor body)

Implement transit regime according to simple and universal principles

- Private-public partnerships to back the right of transit with professional competence and fiscal security
- Transit manifests
- Bonds and seals by transit operators
- Good information systems and customs reconciliation
- Simple border processes
- Regulated entry of transit operators

Unify systems across borders

Transit regime and procedures implemented at the national level in the countries of transit and destination, but major gains also possible from

- Portable and interoperable manifests and bonds
- Consistent regulation of entry for regional transit operators
- Green transit lines at the border (not local clearance)

Single Window – Development Checklist

- what are your expectations for its development
- what governance structure is or will be in place for the Single Window development
- what business processes and services will the Single Window deliver
- has any pilot or proof of concept relevant to the Single Window been trialled or tested todate
- how will it interface with the back office declaration processing system
- does your team have the requisite project management skills which demonstrate an understanding of working within strict time and resource based schedules
- what is your availability of the required in house resources (finance, personnel)

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