



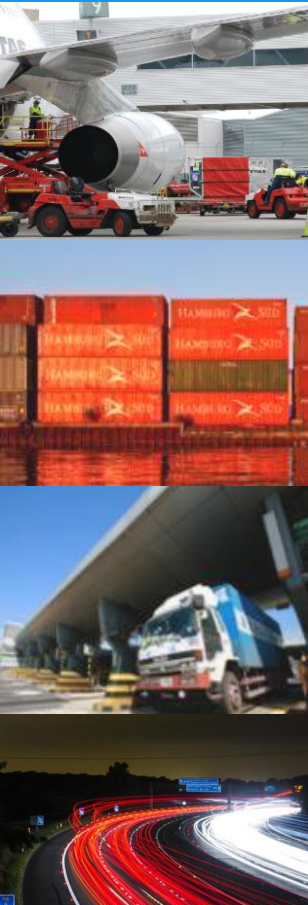
WORLD BANK GROUP

Macroeconomics, Trade & Investment

Bill Gain
Global Lead

Trade Facilitation and Border Management

WBG IS A MAJOR PROVIDER OF TRADE RELATED ASSISTANCE



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

The World Bank Group has assisted countries to implement 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)

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



- Launched in 2014
- Designed to provide practical and demand-driven assistance
- Focuses on supporting the full and effective implementation of the WTO TFA and related trade facilitation reforms
- Helps client countries identify constraints, plan reforms implementation, and align procedures with international standards covering import, export, and transit activities.



Canada



Ministry of Foreign Affairs of the Netherlands

Norwegian Ministry of Foreign Affairs



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



USAID
FROM THE AMERICAN PEOPLE



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Trade Facilitation – A couple of definitions.....

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

But also relevant: “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.”

Trade Facilitation Leads to Big Global Gains



A 1-day
delay prior
to shipping
is
estimated
to reduce
trade by
>1%



E-docs in air
cargo could
yield
USD12
billion in
annual
savings



Supply chain
barriers
reduced
halfway to
global best
practice could
increase
world trade by
USD1.6 trillion



Global gains
from full
implementation
of WTO TFA is
tentatively
estimated at
USD210 billion
per annum

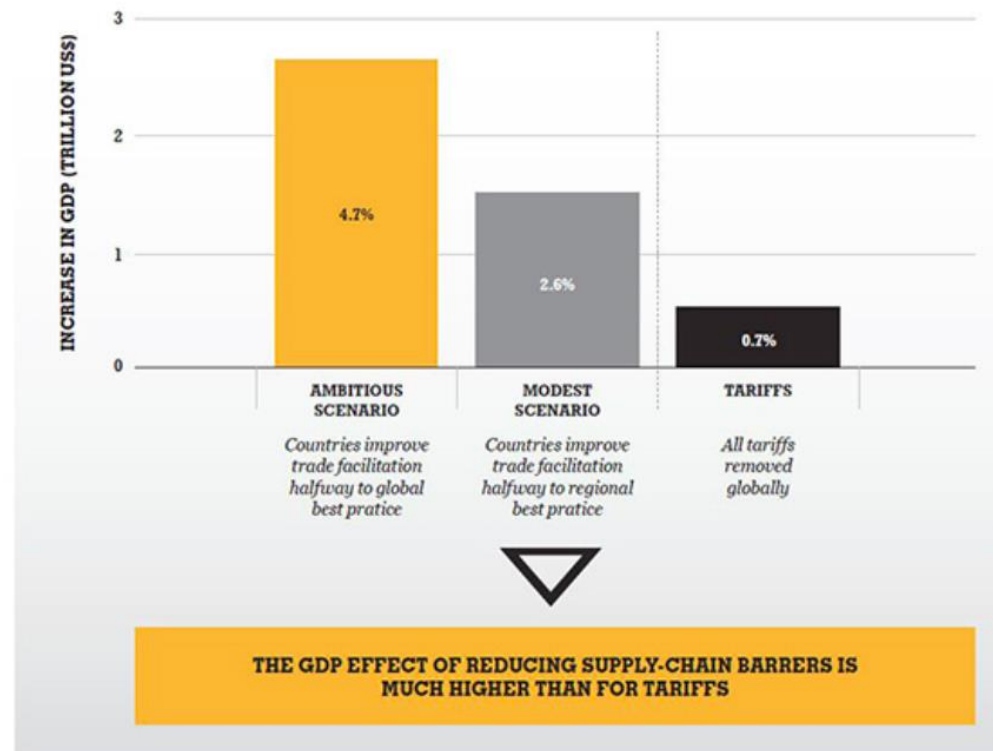
BIG GLOBAL GAINS (CONTINUED)

Reducing supply chain barriers could increase global gross domestic product (GDP) by US\$ 2.6 trillion, around 5%.

This estimate relies on countries improving just two key areas of trade facilitation – border administration and transport and communications infrastructure – halfway to global best practice.

A less ambitious scenario, that of improvement halfway to regional best practice, would already lead to a global GDP boost of approximately US\$ 1.5 trillion, or 2.6%.

FIGURE 1: THE EFFECTS OF REDUCING SUPPLY CHAIN BARRIERS

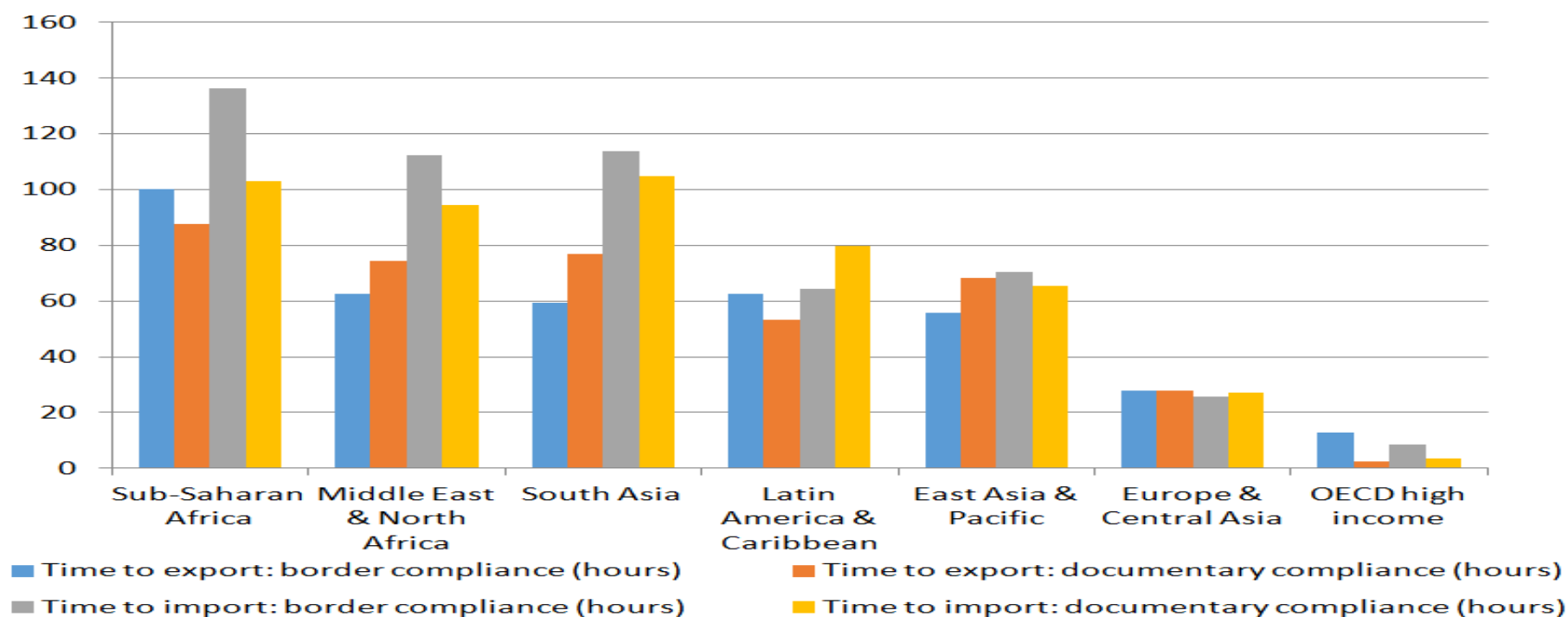


Source: Ferrantino, Geiger and Tsigas. The Benefits of Trade Facilitation - A Modelling Exercise. Based on 2007 baseline.

Source: World Economic Forum, the World Bank and Bain & Co. in 2012 in ITC 2013

WHAT DOES IT MATTER TO COUNTRIES?

Time of Trade across Borders

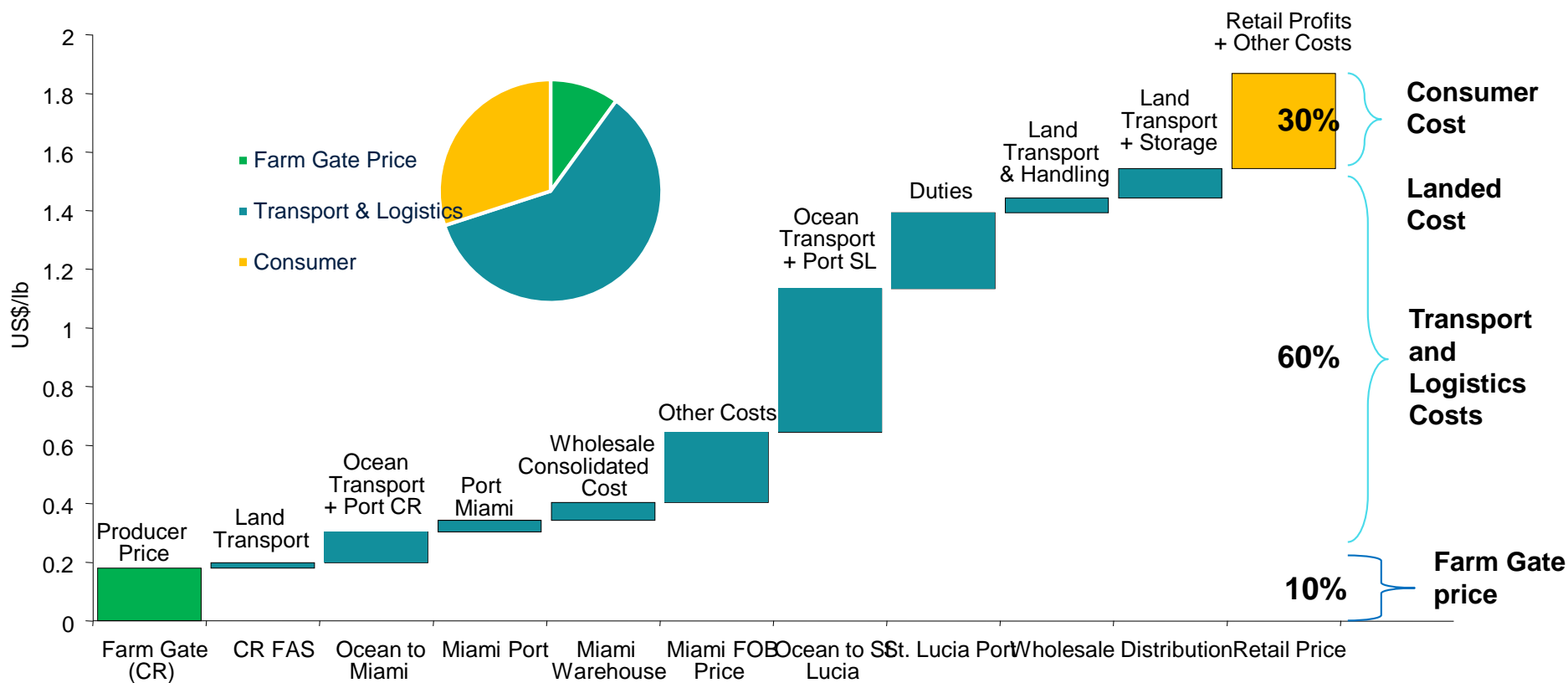


Trade facilitation practices impact time and cost to trade, and a country's performance both within and across regions

WHAT DOES IT MATTER TO THE CONSUMER ?



Logistics costs increase prices for the consumers: 60% of the cost related to the importation of pineapples CR to Saint Lucia related to documentation preparation, border clearance, transportation and logistics.



Source: Gain, 2013, Adapted from : Logistics, Transport and Food Prices in LAC (2009) and OECS Backward Linkages Study (2008)

TRADE FACILITATION AGREEMENT - A PLATFORM FOR REFORM...



Section I

Technical Measures

Article 1-12



Section II

**Special and Differential
Treatment Provisions For
Developing Country
Members and Least-
developed Country
Members**

Article 13-22



Section III

**Institutional
Arrangements and
Final Provisions**

Article 23-24

Trade Facilitation Agreement Articles - Grouping

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



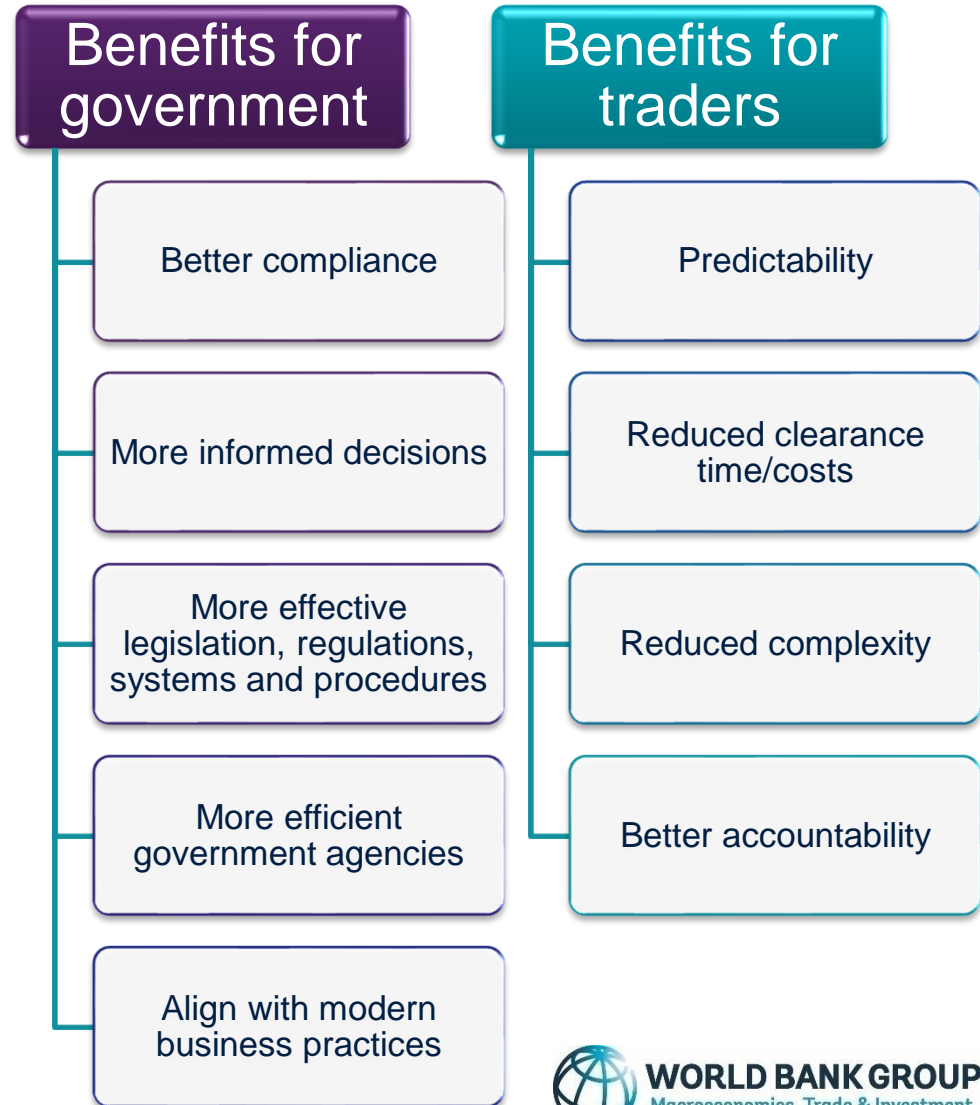
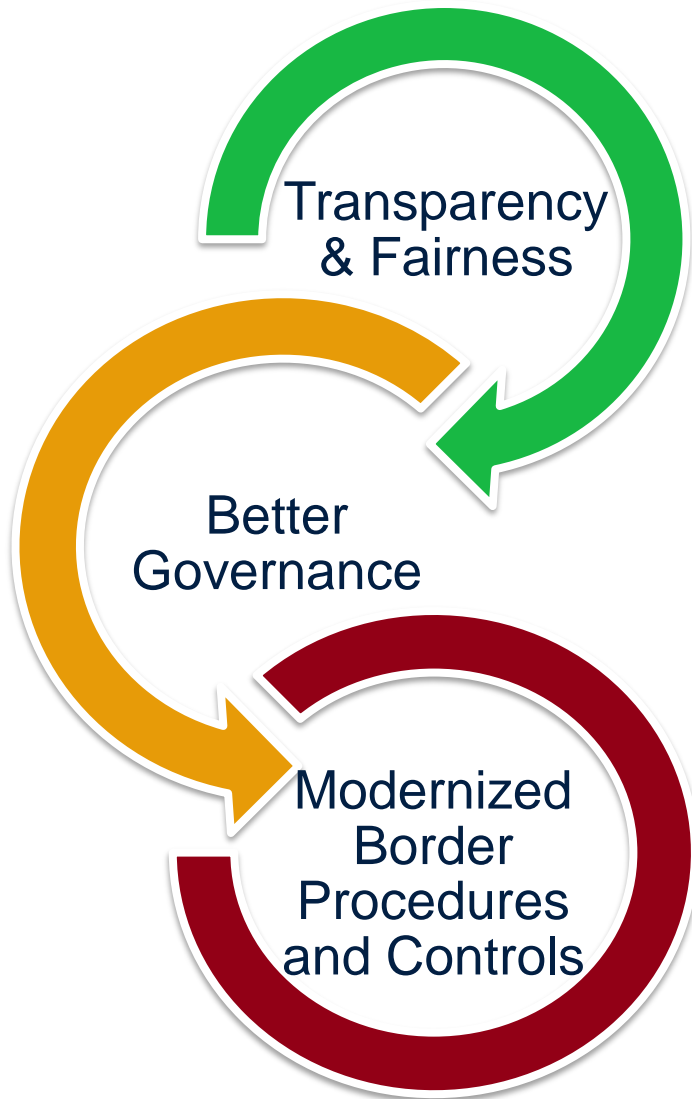
Article 12
Customs
Cooperation

Institutional Arrangement Article



Article 23
Institutional
arrangements

Objectives & Benefits of the WTO TFA



PORT EFFICIENCY IS CRITICAL.....

PORTS IN DEVELOPING COUNTRIES :

- Represent core assets for economic development
- Constitute key logistical nodes of regional trade corridors
- Recognized as important interfaces between sea and land transport systems (de facto multimodal)
- Often lead to inefficiencies with negative impact on trade competitiveness



WHAT ARE THE BIGGEST CHALLENGES PLAGUING THE PORTS AND MARITIME INDUSTRY?

DO YOU AGREE THAT REAL-TIME ACCESS & SHARING OF INFORMATION IS VITAL?



57%

Poor coordination
between partners



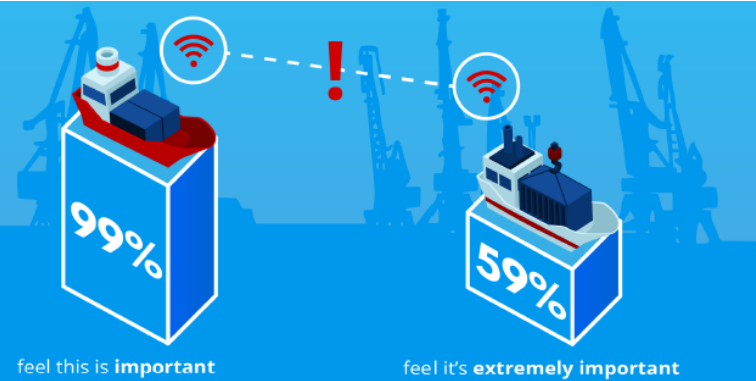
50%

Too little transparency
and visibility



37%

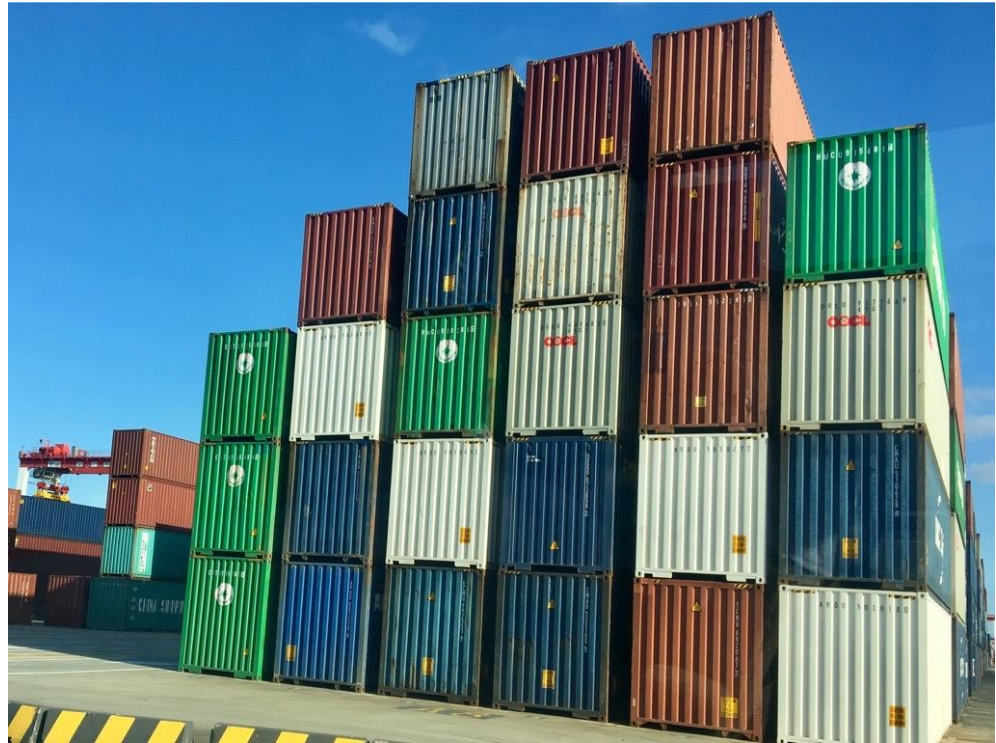
Inefficiencies within
the supply chain



Source: Competitive gain in the Ocean Supply Chain, BPI Network, 2017

Some Numbers

- 15 – 18 years the expected asset life for a sea container
- 25 million sea containers estimated in circulation (2016)
- 197 million TEU movements estimated (2016)*
- 4-6 turns (round trips) in a year
- Seen at a container depot 2-4 times per year

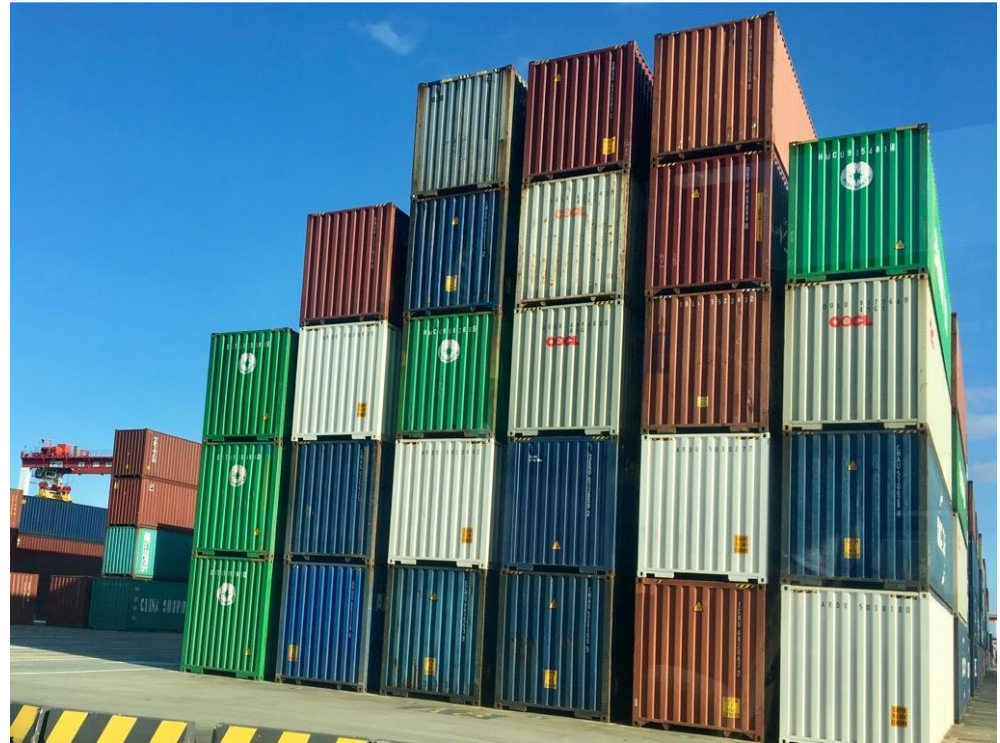


* Source: SCTF Presentation Kjaer, Lars World Shipping Council: Container Cleanliness – The CTU Codes and Joint Industry Guidelines, November 2017

Challenges

For Regulators and

Industry



*

Minimizing pest movement on/in sea containers - Regulators Challenge

- *“...Substantial evidence that sea containers represent an important pathway for the unintentional movement of species on the external or internal surfaces of sea containers, some of which are known to be invasive pests...”¹*
- Draft ISPM on *Minimizing pest movement by sea containers*
- *Likely net economic benefits from the proposed (draft) International Standard for Phytosanitary Measures 'Minimizing Pest Movement by Sea Container'*

1. Research paper presented to the CPM on the 'Role of sea containers in unintentional movement of invasive contaminating pests (so-called "hitchhikers"), and opportunities for mitigation measures'

Sea containers.....

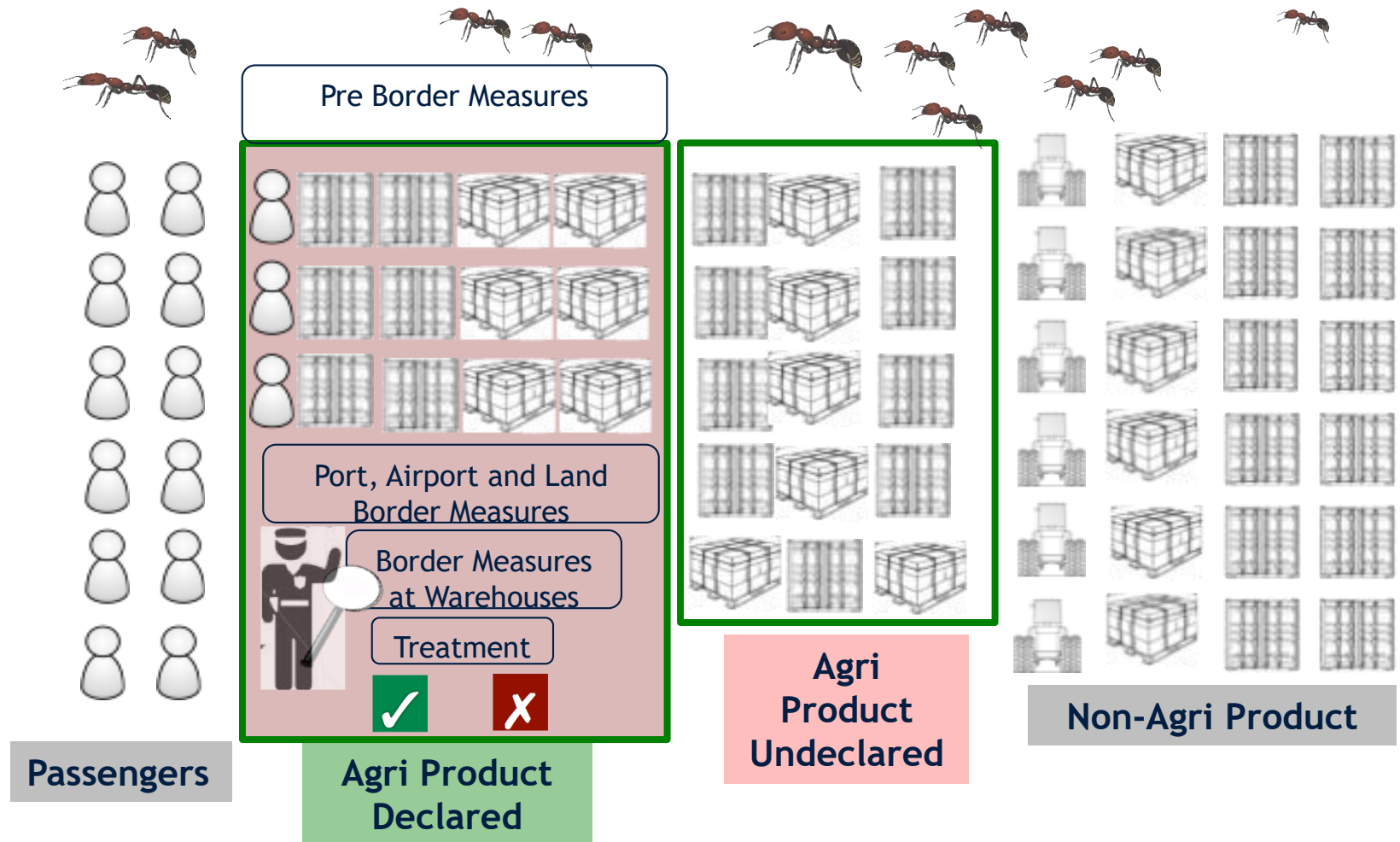
“The person who packs and secures cargo into/onto the cargo transport unit (CTU) may be the last person to look inside the unit until it is opened at its final destination.”

CTU Code (2014)

Also....

- Information can flow ahead of goods
- Structured and systematic risk process makes it easier for officials to make the right decisions
- Identifying the people best placed to manage the risk

Common Border Approach for Agriculture



Minimizing pest movement on/in sea containers – Industry Perspective

- Contamination is more likely to occur at the pack and unpack points
- Pack and unpack points are generally under the control of the shipper
- Shipping companies cannot be accountable for preventing contamination at this point
- Proposed an alternative - *IMO/ILO/UNECE Code of Practice for Packing of Cargo Transport Units (CTU Code)* and *Joint Industry Guidelines for Cleaning of Containers* - updated with additional practices and phytosanitary information designed to reduce the threat of contamination.

IPPC Sea Container Task Force - Work Plan

Communication/Increasing Awareness

- Guidance on reporting for NPPOs
- Encourage best practice sharing
- Use of social media
- Fact sheets
- Investigation applicability of AEO requirements
- Donor agency support pilot for developing countries
- Encourage national compliance with IPPC/CTU Code guidelines.

Monitoring uptake and efficacy of the CTU Code

- Industry monitoring of contaminated containers returned or positioned.
- Engage industry at various forums
- Industry cleaning guidelines revision e.g. IICL
- Survey to determine regulatory basis for NPPO container monitoring

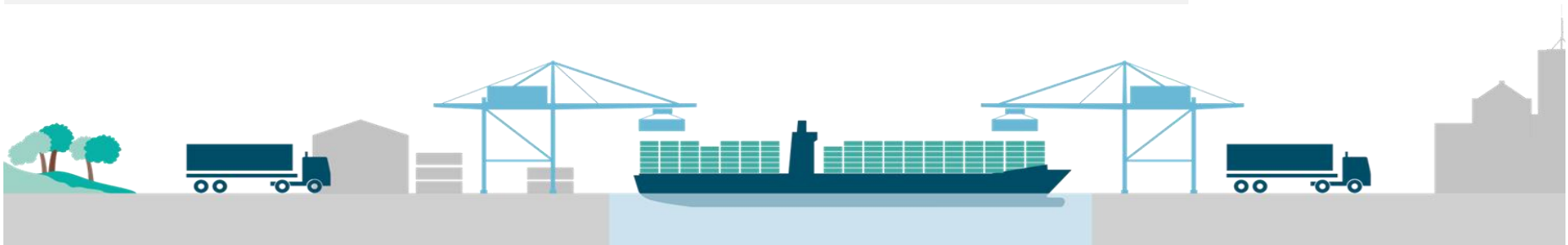
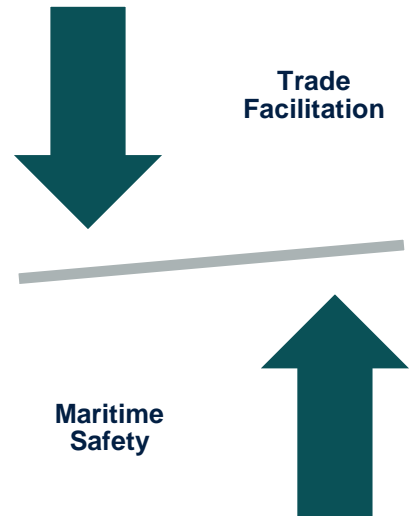
ADOPTION OF THE SOLAS AMENDMENTS

The SOLAS amendments Resolution MSC.380(94)

- Entered into force on the 1st of July 2016.
- The verified gross mass (VGM) is a condition for loading a packed container onto a ship.
- The shipper is responsible for providing VGM.

Method 1: Weighing the packed container using calibrated and certified equipment; or

Method 2: Weighing all packages and cargo items, and adding the tare mass of the container to the sum of the single masses, using a certified method approved by the competent authority of the State in which packing of the container was completed



ADOPTION OF THE SOLAS AMENDMENTS

IMPLEMENTATION CHALLENGES

1. Access to container weighing facilities by shippers/forwarders (Method 1).
2. Market conditions conducive to competitive pricing e.g. competition in the market for weighing services .
3. Criteria and entities able to certify weighing infrastructure in the country.
4. Processes and fees for Method 2 certification.
5. Costs related to the VGM information transmission to Shipping Line and Terminal Operator.
6. Procedural handling of cases where container lands at the port without a VGM.
7. Coordination between countries handling transit export containers and landlocked countries concerning common standards and criteria.
8. Excessive fees and surcharges applied by terminal operators



COSTS FOR TRADERS

- Cost of Weighing
- Cost of Transmitting VGM Information
- Costs passed on by freight forwarders and operators to traders



ADDITIONAL TIME TAKEN FOR EXPORTING

- Time taken for Weighing
- Time taken to transmitting the information



REGULATORY GAPS

- Inadequate adoption of IMO VGM amendment into national regulation
- Enforcement & governance challenges



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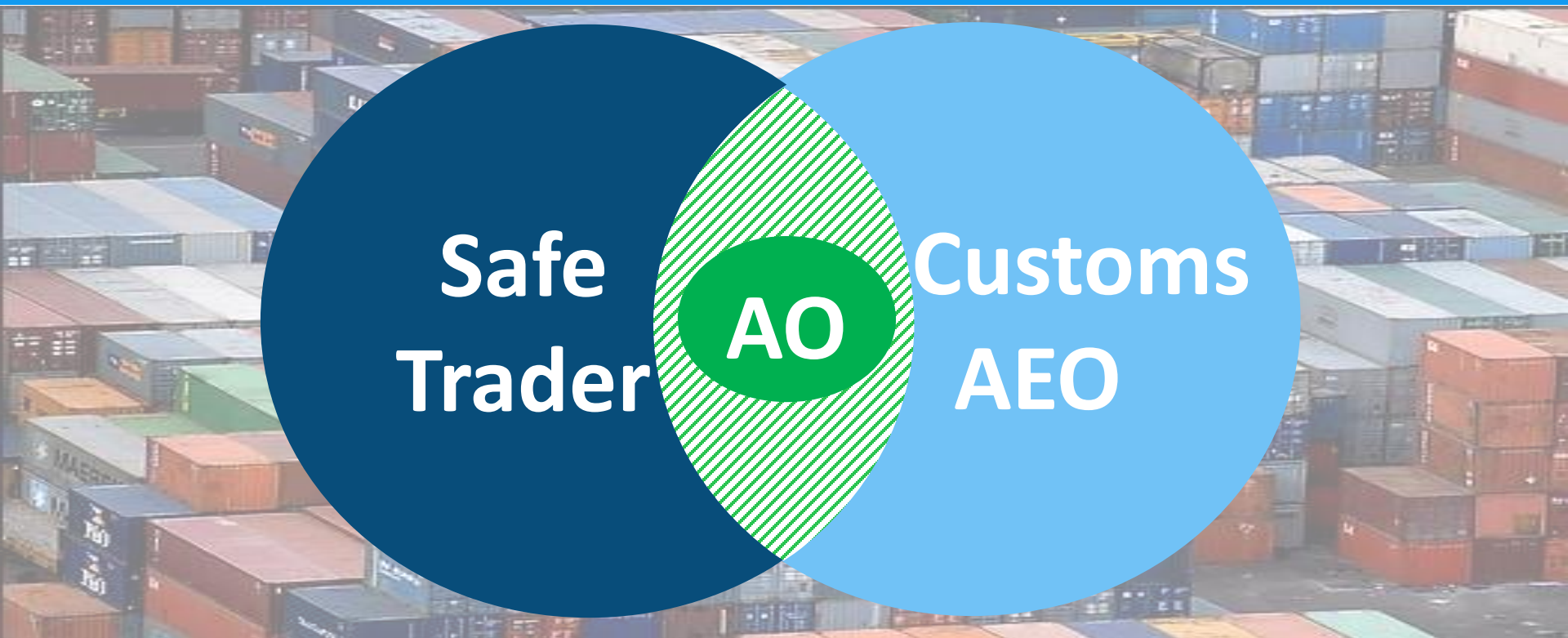
POTENTIAL SOLUTIONS.....

POTENTIAL AREAS OF FOCUS

- Alignment of the national regulation and guidelines issued with the IMO regulation and associated guidelines
- Streamline the processes and procedures of export supply chains
- Prevent unnecessary adoption of fees and surcharges
- Ensure the use of ICT for the proper transmission of VGM data and the concurrent elimination of paper submission requirements.
- Assess the market structure of facilities of VGM related services in the country and identify issues leading to trade facilitation challenges
- Support the existing mechanisms for shippers to report perceived issues and concerns related to the implementation of the VGM regulation



Bringing It Together



- Acceptable level of assurance for compliance
- Strengthened collaboration to minimize point of entry inspection and control for both low risk and compliant trade/traders
- Improves risk communication & transparency

It takes 'whole of Government' approach at the border to reduce time and cost and achieve economic outcomes for the community

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