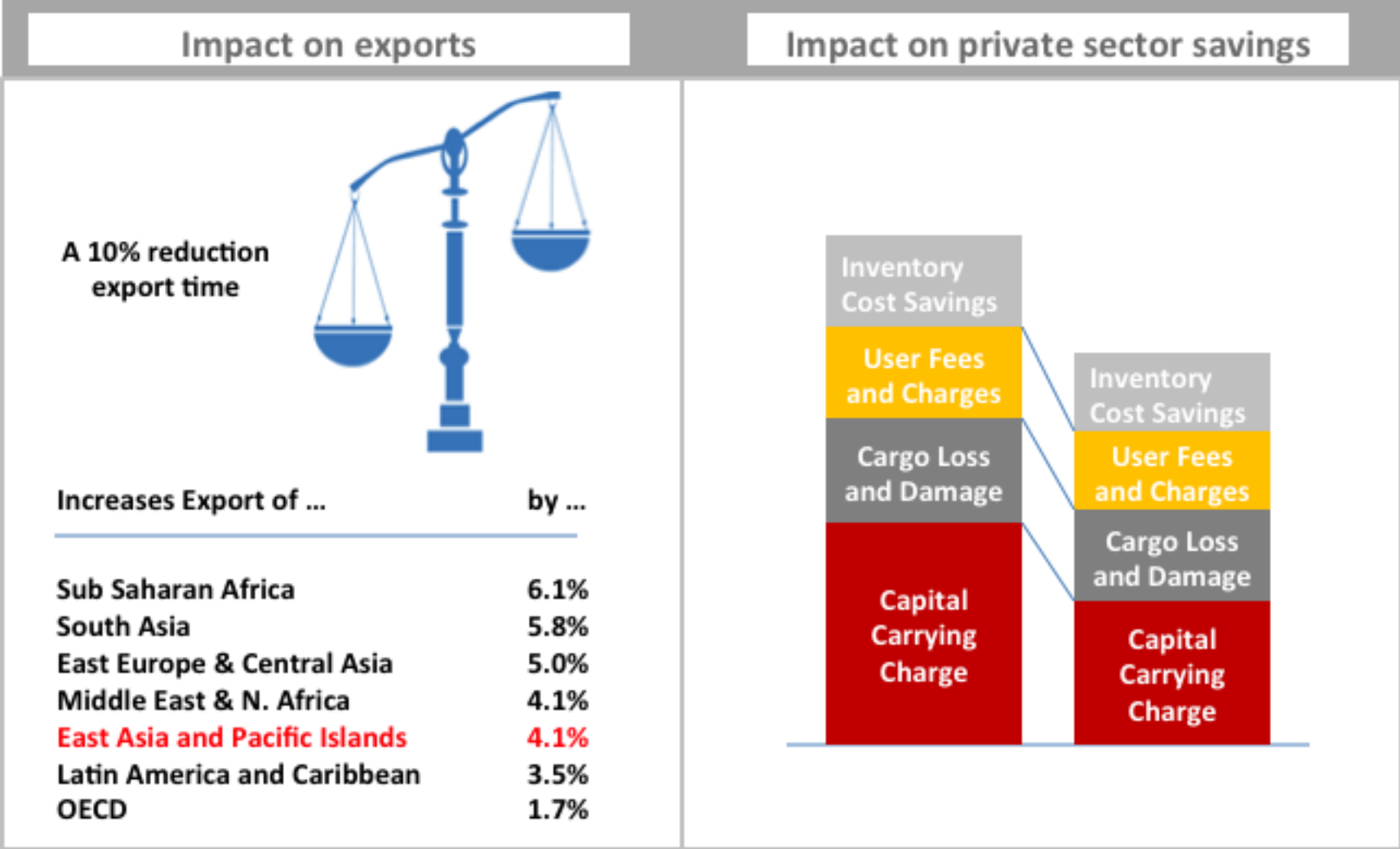# TRADE FACILITATION
SINGLE WINDOW AND BEYOND…..

Bill Gain
Global Lead,
Trade Facilitation & Border Management,
Macroeconomics, Trade & Investment Global Practice,
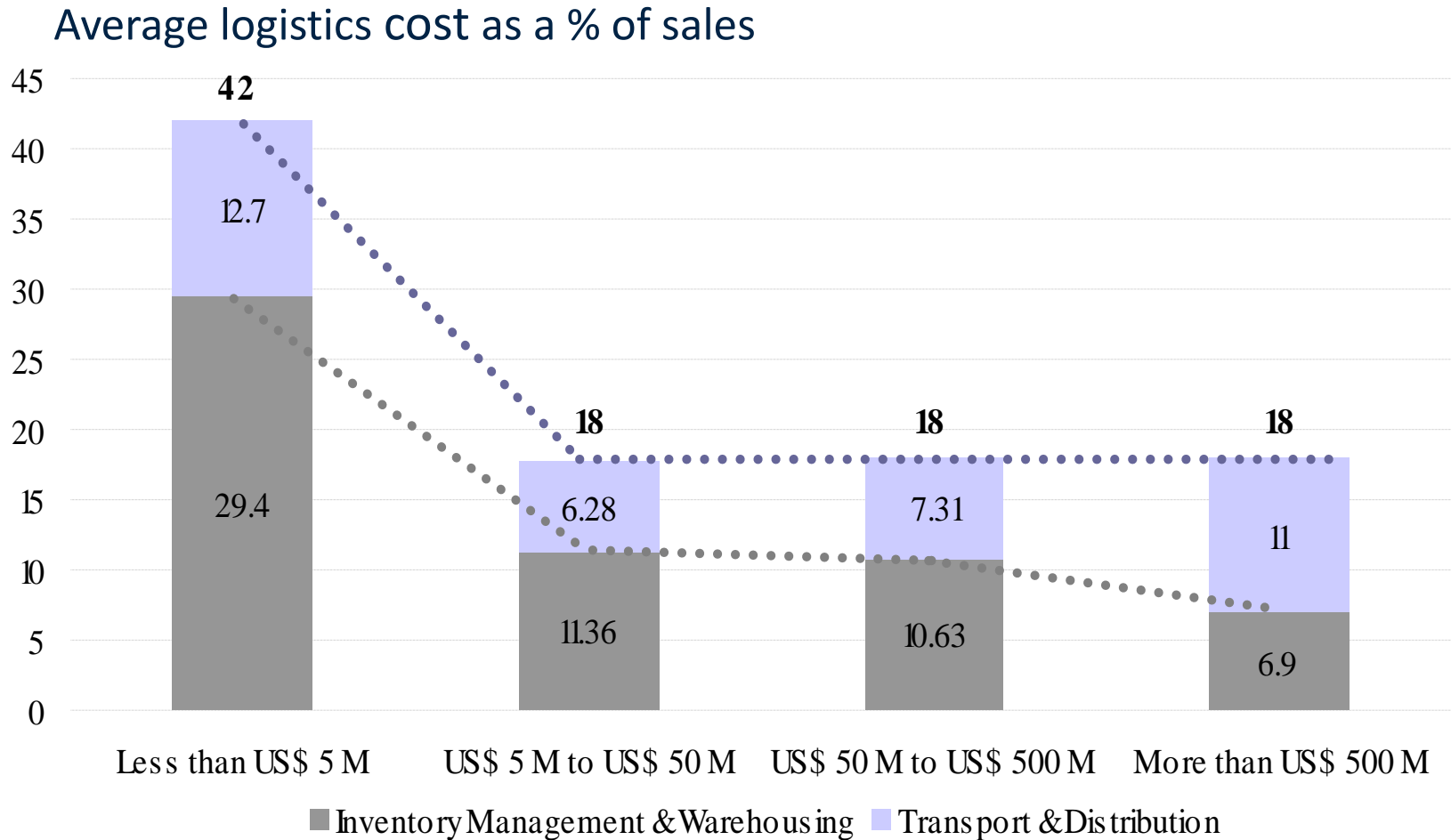World Bank Group

Topics

- Challenges and benefits of facilitating trade

- WTO Trade Facilitation Agreement

- Sequencing

- Facilitating activities and integration through SPS Automation

- NSW

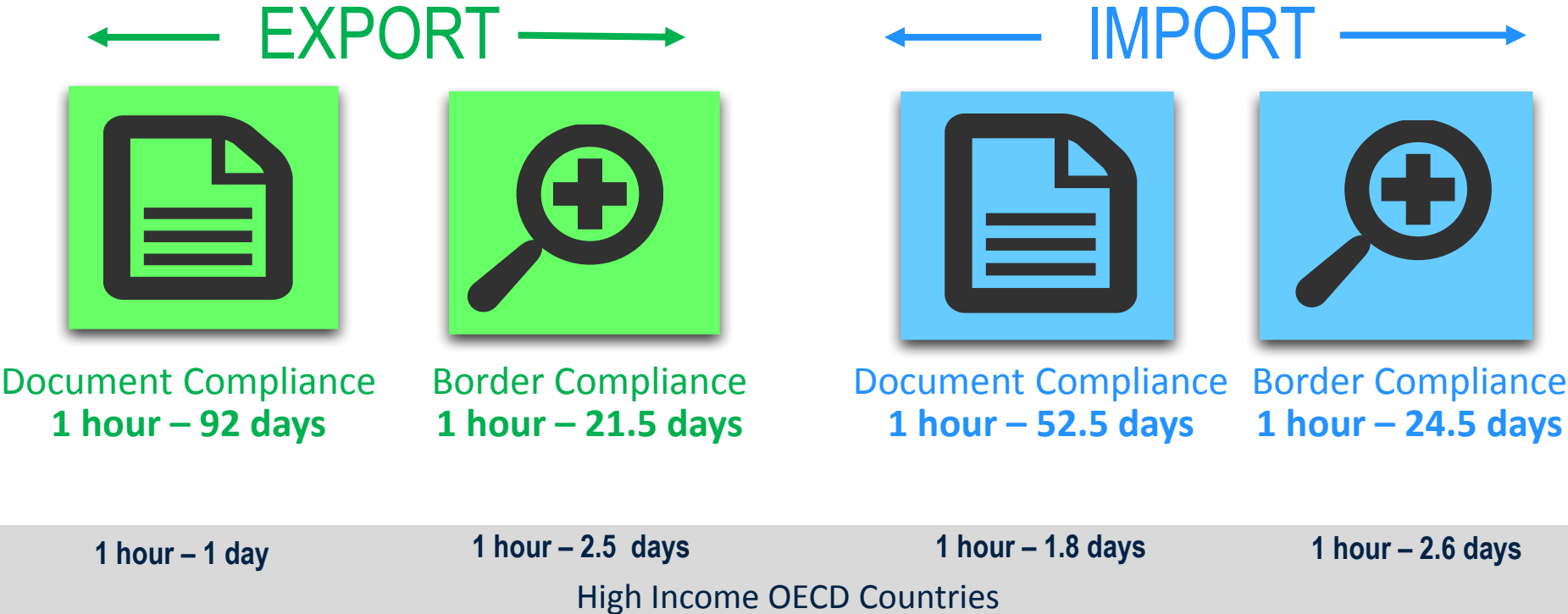# Trade facilitation efficiency leads real economic results

Impact on exports	Impact on private sector savings

A 10% reduction export time

Increases Export of …	by …
Sub Saharan Africa	6.1%
South Asia	5.8%
East Europe & Central Asia	5.0%
Middle East & N. Africa	4.1%
East Asia and Pacific Islands	4.1%
Latin America and Caribbean	3.5%
OECD	1.7%

Inventory Cost Savings
User Fees and Charges
Cargo Loss and Damage
Capital Carrying Charge

Inventory Cost Savings
User Fees and Charges
Cargo Loss and Damage
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Reducing time and cost is critical for SMEs…..

Average logistics cost as a % of sales

Legend:
- ■ Inventory Management & Warehousing
- ■ Transport & Distribution

Chart data:

Category	Inventory Management & Warehousing	Transport & Distribution	Total
Less than US$ 5 M	29.4	12.7	42
US$ 5 M to US$ 50 M	11.36	6.28	18
US$ 50 M to US$ 500 M	10.63	7.31	18
More than US$ 500 M	6.9	11	18

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Trade transaction time

Trade transactions vary widely from country to country. In 2017 we still see huge variances due to constraints in clearance related to regulatory issues including SPS

EXPORT

Document Compliance
1 hour – 92 days

Border Compliance
1 hour – 21.5 days

IMPORT

Document Compliance
1 hour – 52.5 days

Border Compliance
1 hour – 24.5 days

1 hour – 1 day	1 hour – 2.5 days	1 hour – 1.8 days	1 hour – 2.6 days

High Income OECD Countries

WHERE TO START……

WTO TFA is an ideal framework

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

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Importance of TFA Implementation Sequencing

(Article 8) Border agency coordination

23. 2. National Committee on Trade Facilitation → **10.1 Formalities and Documentation Requirements** →

- **1.1 Publication (Publication and availability of information)**
- **1.2 Information Available Through Internet (Publication and availability of information)**
- **1.3 Enquiry Points (Publication and availability of information)**
- **2.1 Opportunity to Comment and Information before Entry into Force**
- **2.2 Consultations**
- **10.1 Formalities and Documentation Requirements**

Automation (10.4 Single Window)

Sequencing Trade Facilitation Project Activities

National
Trade Facilitation
Committee

Simplifying & Standardizing Procedures

Collaborating at the Border

Border Risk Management

Authorised Operator

Automating trade transactions

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Trade & Competitiveness

National Trade Facilitation Committee (NTFC)
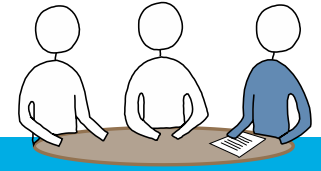
Objectives & Approach
- Public & private sector together
- Set scope and objectives to meet national trade priorities
- Set the national trade facilitation implementation strategy
- Oversee development of action plans
- Supervising implementation progress

Key leadership mechanism to implement the TFA

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

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Simplifying & standardizing & Eliminating procedures, Processes & Documents

- 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

E-Phyto – E-Certs, E-Vet Certs
- E-Phyto/certs need to utilize a standardized data set – WCO Data Model
- Review procedures between SPS Agencies processes and other agencies/organisations to standardize

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)

http://www.awesomeinventions.com/construction-fails/

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

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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
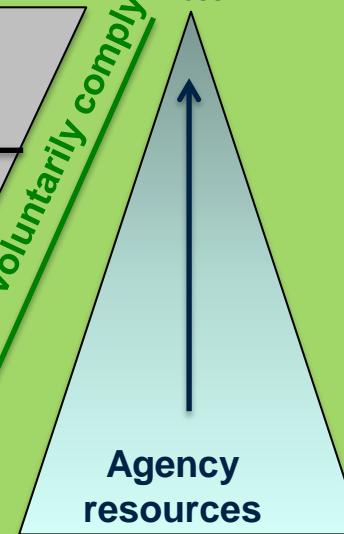- Sea Container Task Force

E-SPS Certs

Compliance Strategy Verification, Inspection & Diagnostics

SPS Automation work stream

Categories of Attitude to Compliance

Less

Voluntarily comply

Attempting to comply

Resistance to compliance

Criminal intent

Create pressure to voluntarily comply
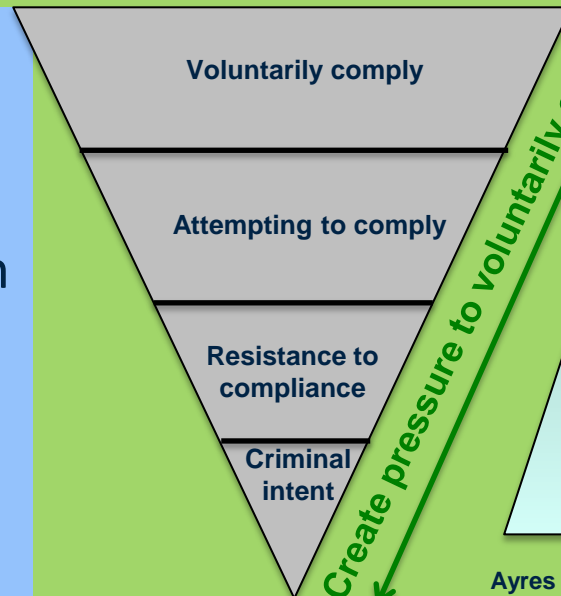
Agency resources

Ayres & Braithwaite (1992)

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DA Trade Enabling Risk Management System

"Enabling Low Risk Trade; Targeting DA Resources at High SPS Risks"
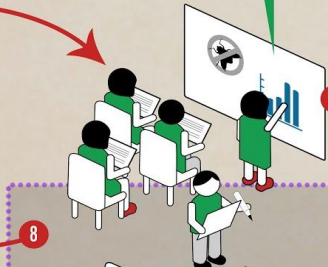
AGRI-RISK GOVERNANCE	RISK ANALYSIS AND SPS RULE SETTING	OPERATIONAL RISK ASSESMENT	PROFILING & TARGETING	INSPECTION, VERIFICATION AND ASSURANCE

Gives guidance based on overall SPS risk

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

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

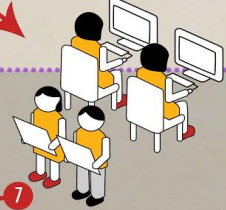**SPS Rule Processing and Administration - issuing decisions under the AOs**

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

Determines compliance sampling and monitors levels of compliance

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

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

DA Trade System

Changes resource allocation priorities

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

Reports on the performance efficacy/capacity of the system

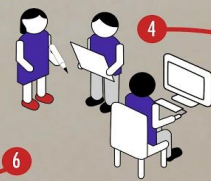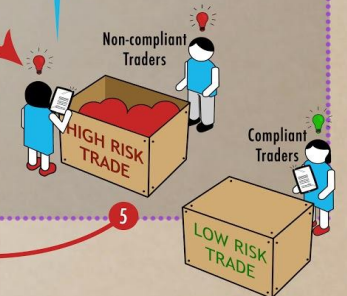**Identifies & reports on trade trends, gaps and changes in agrifood SPS risks**

Provides information to update profiles

Non-compliant Traders

HIGH RISK TRADE

Compliant Traders

LOW RISK TRADE

New Governance Committee (Risk Management Leadershp Committeee)

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
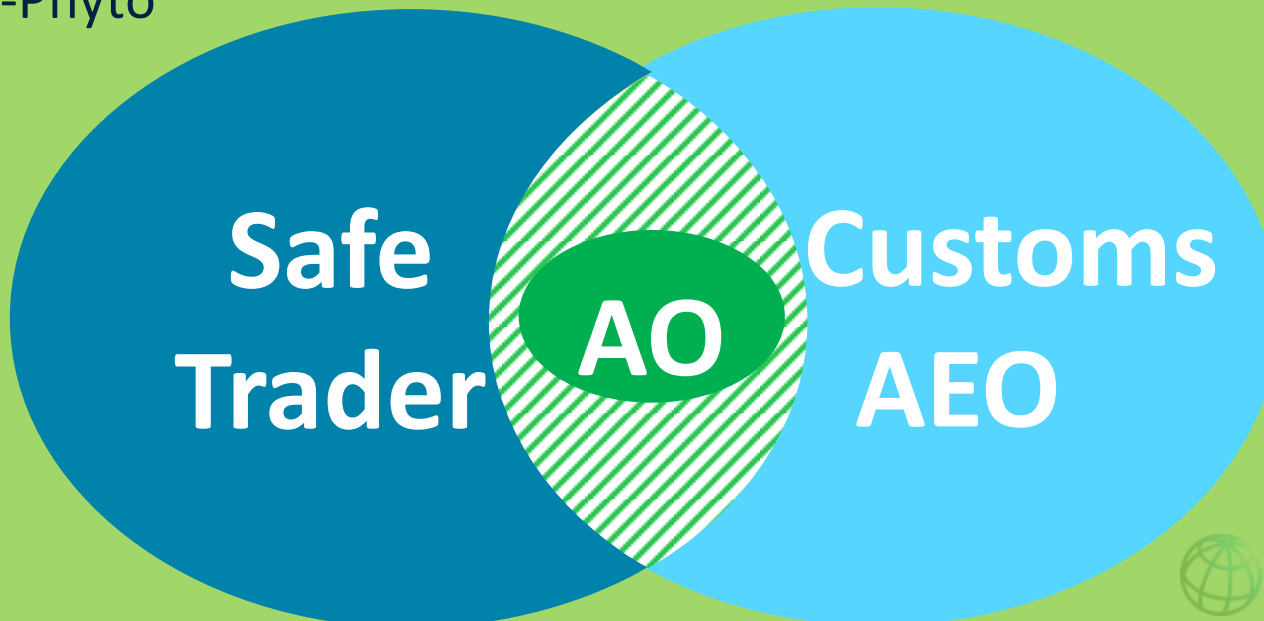
DEPARTMENT OF AGRICULTURE 1898

Authorised Operator

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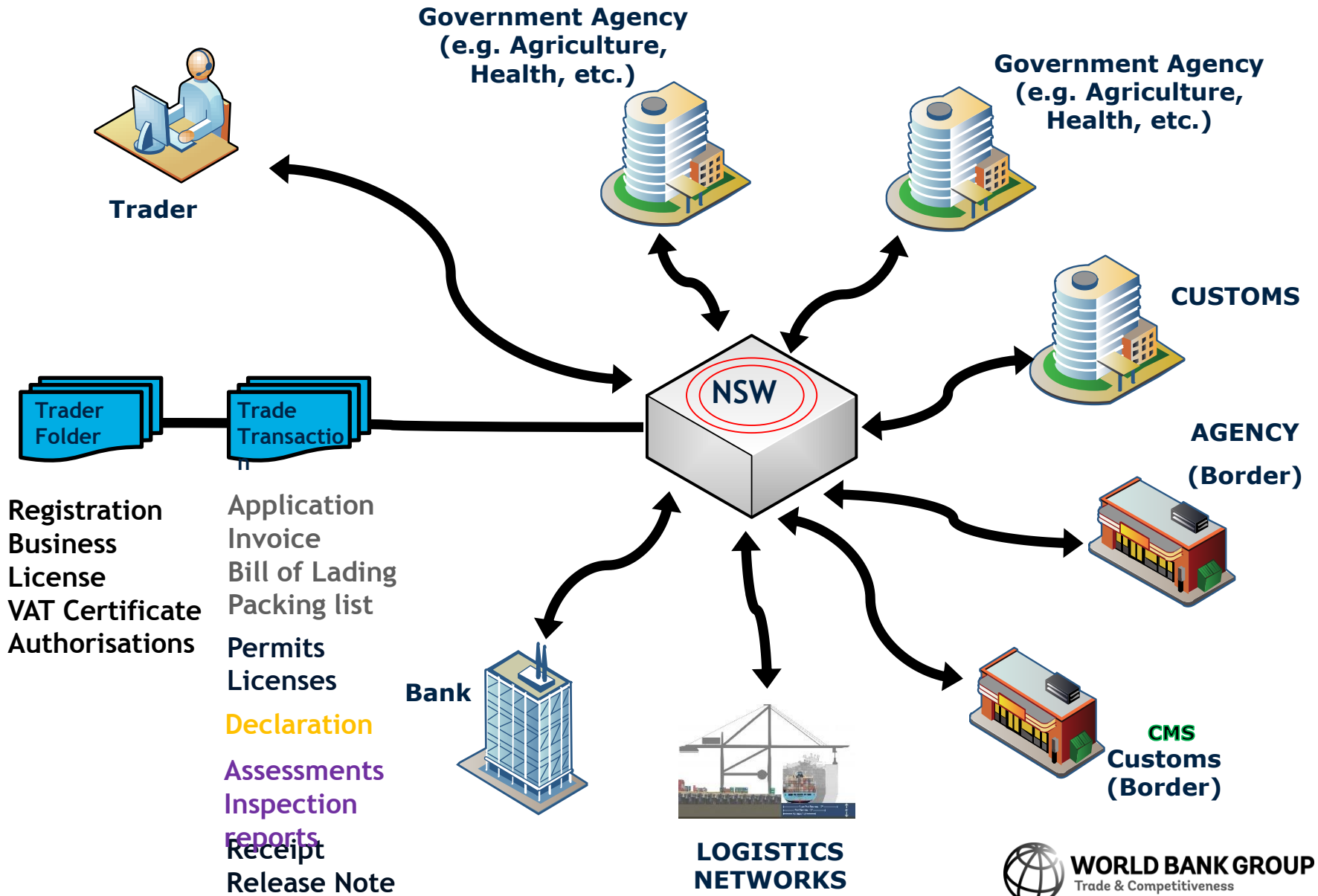- Promotes resources being focussed on areas of high risk

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

NPPO & E-Phyto

Safe Trader AO Customs AEO

CONCEPT OF SINGLE WINDOW

**Government Agency
(e.g. Agriculture,
Health, etc.)**

**Government Agency
(e.g. Agriculture,
Health, etc.)**

Trader

CUSTOMS

NSW

**Trader
Folder**

**Trade
Transaction**

**AGENCY
(Border)**

**Registration
Business
License
VAT Certificate
Authorisations**

Application
Invoice
Bill of Lading
Packing list

**Permits
Licenses**

Declaration

**Assessments
Inspection
reports**

Receipt
Release Note

Bank

**LOGISTICS
NETWORKS**

**CMS
Customs
(Border)**

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

VISION EXAMPLE
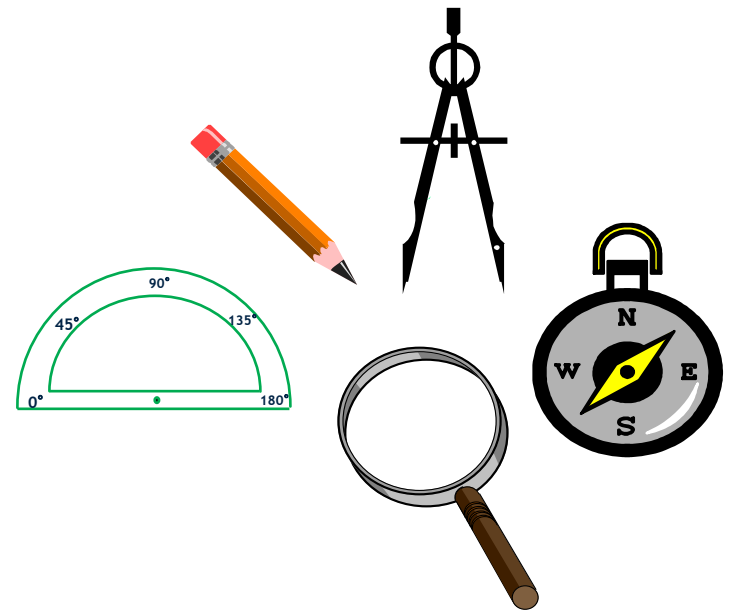
The Vision for the National Single Window

The NSW will encompass the processing of trade transactions from the start of regulatory requirements up to the clearance of goods into/out of the country and will:

❑ **Streamline and automate relevant front-office processes at key government agencies**

❑ **Include a facility for electronic payment**

❑ **Provide access to information sources relating to trade regulations and procedures**

❑ **Provide increased information sources for the Government to improve its administration of international trade.**

IMPLEMENTING A SINGLE WINDOW: THE IMPORTANCE OF THE ESW STAKEHOLDER COMMITTEE

The clear definition and attribution of responsibilities in an electronic Single Window Project is crucial for subsequent implementation phases. The committee will help create accountability and monitor the implementation of the project. At the minimum, it's important to establish:

- Context and necessity of ESW implementation

- Objectives of ESW project

- Targets of ESW project

- Composition & Structure

- Lead Agency & Membership

- Responsibilities of the ESW Steering Committee

- Role of Secretariat

- Reporting lines

- Funding

IMPLEMENTING A SINGLE WINDOW: BEST PRACTICE PREPARATION (1)

Component	Description	Time Frame
Legal Action Plan	Based on initial legal review & required specific features of new functional requirements, plan for implementing any required legal changes	6 months
Business Process Model	• Business Process Analysis of current operation for all government agencies involved in trade ("as is" model) • Re-engineered Business Process Model ("to be" model) including new harmonized data model across all stakeholders	6-9 months
Functional and Technical Architecture	• Functional Specifications of ESW system • Technical Platform for operation of ESW system (e.g. topology, hardware, communications, software platform, performance requirements, non-functional specifications)	6-9 months
Operational and Governance Model	• Operational Model, i.e. functions to be performed by different parties of (e.g. system operation, facilities' management, Help Desk, maintenance and support, etc.) • SLA's governing the relationships between parties • Ownership, Oversight, Management and Reporting structure	6-9 months
Capacity Building Plan	• HR Requirements • Training Needs Analysis • Training Plan	3 months

Time frame depends on country context and can take longer…

IMPLEMENTING A SINGLE WINDOW: BEST PRACTICE PREPARATION (2)

Component	Description	Time Frame
Fee Model	• Estimate of operational costs based on Functional and Technical Architecture, Operational Model and analysis of transaction volumes • Recommended fee structure for operational cost recovery • Recommended model for sharing revenue collected through the ESW and due to different agencies	3 months
Risk Management Model	Recommendations for leveraging shared data structures and facilities for the purpose of applying risk management principles across all government agencies with a view to incremental degrees of trade facilitation	6-12 months
Change Management	• Change Plan • Communication strategy (i.e. how to communicate change to all stakeholders)	6 months
Procurement Plan	• Procurement Specifications for products and services to be procured (e.g. software, hardware, infrastructure, outsourced services if any, etc.) • Draft RFP's	6 months

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

SPS Pathway to Single Window – A few Summary thoughts…..

- ❑ Sequencing

- ❑ Process Efficiency

- ❑ Baseline estimations

- ❑ Measuring Impact

- ❑ Stakeholder Coordination

- ❑ Visioning & Integration into NSW

Thanks

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