Trading Across Borders

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APEC Capacity Building Seminar

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What’s new in Doing Business 2009?

2007
- Starting a business
- Dealing with construction permits
- Employing workers
- Registering property
- Getting credit
- Protecting investors
- Paying taxes
- Trading across borders
- Enforcing contracts
- Closing a business

2008
- Update of 2007
  - Add 3 countries
  - Reformer’s Club:
    - 16 case studies

2009
- New “About DB” chapter
- Trends analysis DB04-DB09
  - Most popular reforms
  - Most effective reforms
  - Lessons learned
- Add 3 new countries (Bahamas, Bahrain, Qatar)
- Methodology change in Getting Credit (Legal Rights)
### Top 30 on the ease of doing business - 2009

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
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<th>Country</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Singapore</td>
<td>16</td>
<td>Saudi Arabia</td>
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<tr>
<td>2</td>
<td>New Zealand</td>
<td>17</td>
<td>Sweden</td>
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<tr>
<td>3</td>
<td>United States</td>
<td>18</td>
<td>Bahrain</td>
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<td>4</td>
<td>Hong Kong, China</td>
<td>19</td>
<td>Belgium</td>
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<td>Denmark</td>
<td>20</td>
<td>Malaysia</td>
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<td>6</td>
<td>United Kingdom</td>
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<td>Canada</td>
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<td>9</td>
<td>Australia</td>
<td>24</td>
<td>Mauritius</td>
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<td>11</td>
<td>Iceland</td>
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<td>Netherlands</td>
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<td>12</td>
<td>Japan</td>
<td>27</td>
<td>Austria</td>
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<td>13</td>
<td>Thailand</td>
<td>28</td>
<td>Lithuania</td>
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<td>14</td>
<td>Finland</td>
<td>29</td>
<td>Latvia</td>
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<tr>
<td>15</td>
<td>Georgia</td>
<td>30</td>
<td>Israel</td>
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## WHERE IS IT EASIEST TO TRADE?

<table>
<thead>
<tr>
<th>Easiest</th>
<th>Rank</th>
<th>Most difficult</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>1</td>
<td>Uzbekistan</td>
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<tr>
<td>Hong Kong (China)</td>
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<td>Burkina Faso</td>
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<td>Denmark</td>
<td>3</td>
<td>Azerbaijan</td>
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<tr>
<td>Finland</td>
<td>4</td>
<td>Central African Republic</td>
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<tr>
<td>Estonia</td>
<td>5</td>
<td>Congo, Rep.</td>
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<tr>
<td>Sweden</td>
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<td>Tajikistan</td>
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<td>Norway</td>
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<td>Iraq</td>
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<tr>
<td>Panama</td>
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<td>Afghanistan</td>
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<tr>
<td>Israel</td>
<td>9</td>
<td>Kazakhstan</td>
<td>180</td>
</tr>
<tr>
<td>Thailand</td>
<td>10</td>
<td>Kyrgyz Republic</td>
<td>181</td>
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</tbody>
</table>
The firm:
- medium-sized with 60 employees
- located in the most populous city
- private, limited liability company
- domestically owned with no foreign ownership
- exports more than 10% of production, but does not operate in an export-processing zone

The goods:
- transported in a 20-foot container load by ocean transport
- non-hazardous, non-military and not subject to special standards
- example: textiles, apparel, coffee or tea

Respondents:
- mainly freight forwarders, but also customs, banks and port authorities
1. **Exports**: from the conclusion of the sales contract to the shipment of goods from the port of departure.

2. **Imports**: from the conclusion of the purchase contract to the arrival of goods at the importer’s warehouse.

3. The **time**, **costs** and **documents** involved in the process are recorded.
Rankings are Based on 3 Subindicators

- 33.30% Time to Export and Import
- 33.30% Cost to Export and Import
- 33.30% Documents Export and Import
DB TRADE FLOW CHART

Document Preparation → Customs and other border agencies → Transportation → Ports
Document Preparation

Customs Documents – Customs Declaration, Bill of lading, commercial invoice.

Other Regulatory Documents – import license, phytosanitary certificate

Transport Documents – Bill of Lading, transit documents.

Other Documents – Packing list, power of attorney

Letter of Credit – L/C and other bank documents.
Customs and other Border Clearance Agencies

- Electronic or Manual Transmission
- Traders
- Customs Service
- Standards/health control authorities
- Inspections
- Security checks
Ports and Terminal Handling

1. Vessel Waiting
2. Loading/Unloading of Cargo
3. Terminal Handling
TRANSPORTATION

Arranging for transportation, loading truck

Transportation between sea port and city

Unloading of cargo
Trade Documents per region

OECD | APEC | EAP | LAC | MENA | ECA | SSA | SAS

Export Documents | Import Documents

OECD | APEC | EAP | LAC | MENA | ECA | SSA | SAS

Export Documents | Import Documents
Total trade time per region

Export Time vs Import Time for different regions:
- OECD
- APEC
- LAC
- EAP
- MENA
- ECA
- SAS
- SSA
Paper work accounts for a large share of trading time
Other border agencies significantly account for delays in customs clearance
Too many documents… burden exporters

More documents, less export competitiveness

\[ R^2 = 0.3218 \]
... a one-day delay in exports leads to a 1% loss in export value
Trade Costs per region

- EAP
- APEC
- OECD
- MENA
- LAC
- SAS
- ECA
- SSA

Export Costs vs. Import Costs
Inland transportation costs are significant share of trade cost
… and land-locked countries have high cost

Cost to import

- Land-locked: $2,575
- Coastal: $1,326
- Island: $1,079
MOST POPULAR REFORMS

- **Botswana**
- Brazil
- Colombia
- El Salvador
- France
- India
- Kenya
- Madagascar
- Mali
- Mongolia
- Morocco
- Palau
- Philippines
- Rwanda
- Senegal
- Syria

- **Introductions and Improvements**
  - Introduced new or improved existing electronic data interchange system
  - Introduced or improved risk-based inspections
  - Improved procedures at ports
  - Reduced number of trade documents
  - Introduced new or improved customs administration reforms
  - Introduced new or improved single window
  - Implemented border cooperation agreements
Reforms inspired/informed by Doing Business

80 Completed Reforms

- Africa, 19
- East Europe, 22
- Latin America, 16
- Middle East, 10
- OECD, 3
- South Asia, 2
- East Asia, 8

OECD, 3
Middle East, 10
Latin America, 16
East Europe, 22
Africa, 19
East Asia, 8
South Asia, 2
Ongoing reforms inspired/informed by Doing Business

94 Ongoing Reforms

- Africa, 40
- Latin America, 14
- East Europe, 19
- South Asia, 2
- OECD, 3
- Middle East, 11
- East Asia, 5

THE WORLD BANK

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