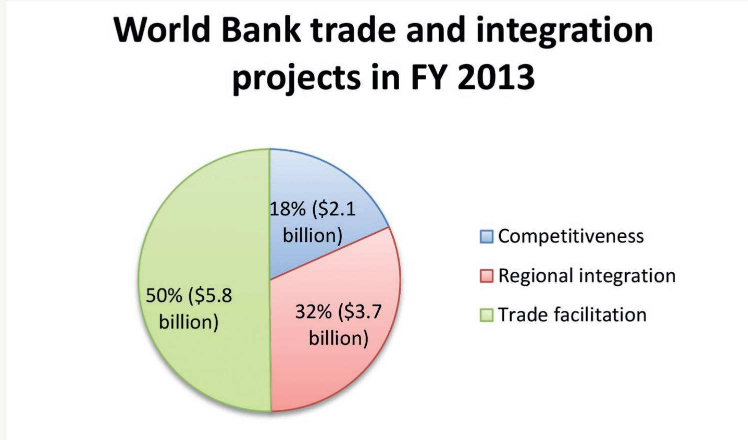
March 2013

Trade facilitation — streamlining the logistics-related and border-management aspects of trade — is increasingly important to development. Research suggests that if all countries improved border administration and transport and communications infrastructure halfway to the level of Singapore, for example, world income could increase by $2.6 trillion — far more than if all tariffs across the globe fell to zero. The World Bank's trade facilitation expertise is being applied in developing countries around the world.

The World Bank

Trade Facilitation Agenda

THE WORLD BANK



Trade facilitation within trade work

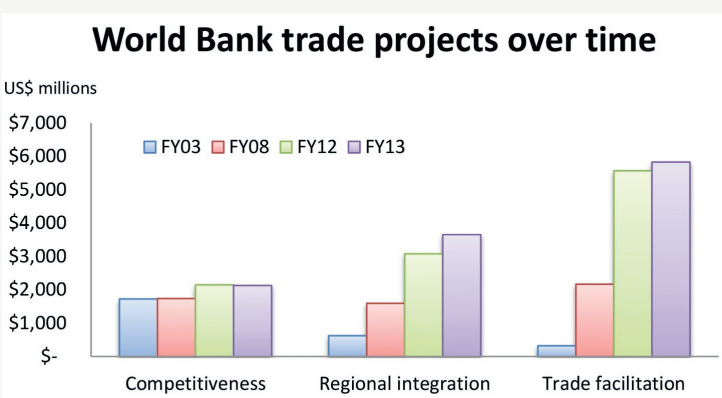
As of February, the World Bank was on track to spend $11.6 billion in fiscal year 2013 on trade-related assistance projects in developing countries. More than 50 percent of that money will be dedicated to trade facilitation — to projects that improve the logistics and processes surrounding trade. This includes work that makes supply chains more efficient — decreasing the time goods wait at borders and ports and increasing coordination within the public and private sectors. It introduces computerized systems and reduces paperwork needed to trade products between countries.

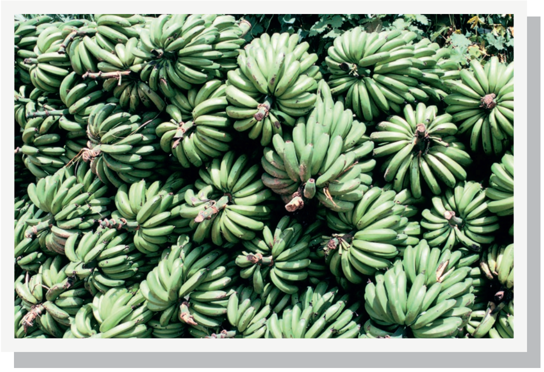
This type of concrete, practical assistance is key to lowering trade costs for some of the poorest countries in the world. And the World Bank is well-positioned to perform the work. With approximately 200 professionals working on trade facilitation issues in more than 120 offices around the world, the World Bank has not only technical expertise, but the types of relationships and understanding that comes from sustained in-country presence.

In the last decade, World Bank trade assistance overall has increased, but trade facilitation spending has increased most rapidly, going from $322 million in 2003 to $5.8 billion in 2013. This rapid expansion of the trade facilitation portfolio is a testament to the importance the World Bank places on the sector.

In 2013, excluding a large infrastructure project designed to connect Kazakhstan and its neighbors, two-thirds of the World Bank's trade facilitation funding will go to low– or lower-middle-income countries, where the per capita income is $4,035 or less. These projects include efforts to make ports more efficient in Southeast Asia, to improve road transport in East Africa, and to strengthen air transport safety and oversight in Micronesia.

The **Trade Facilitation Facility (TFF)** is a $53 million multi-donor trust fund launched by the World Bank in April 2009 to help developing countries improve trade processes and reduce trade costs. The TFF responds to government requests for assistance, and the 30-plus projects it has financed to date are improving infrastructure, institutions, procedures and regulatory systems around the world.





The importance of trade facilitation for poor countries

Getting bananas from a farm in Cameroon to a supermarket in Brussels is not just a question of good roads and shipping. The fruit can also spoil in transit because of logistics failures: too many highway checkpoints, inefficient customs procedures at the port, slow inspections – all signs of inefficient bureaucracy that, in the end, hurts some of the poorest farmers in the world.

In fact, trade with poor countries is twice as costly as trade with developed countries, in large part because of the logistics problems that occur most frequently where per capita income is low. While most countries have improved their logistics performance in the last decade, poor countries have made slower progress.

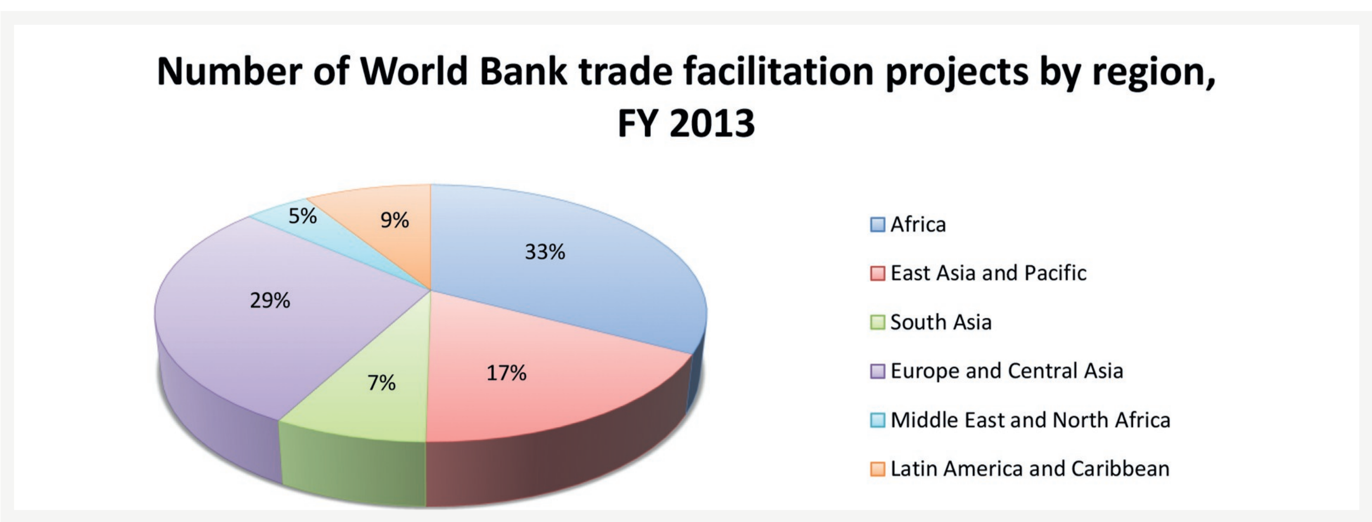
For example, global import tariffs could be reduced to zero and a Cameroonian farmer would still suffer from process-related hurdles such as filling out excessive paperwork, paying bribes at checkpoints and having goods wait for days at port. These types of barriers are particularly harmful to trade. In fact, reducing supply chain barriers such as border administration inefficiencies and certain infrastructure failures could increase global income up to six times more than removing all import tariffs.

Logistics are important for industrialization, too. Inefficient logistics not only hurt countries that trade in perishable goods, such as agricultural products, but also hinder low-income countries' ability to attract supply chain investments. The ease of crossing borders – including through seaports or airports – is crucial to the production of many manufactured goods, such as electronics or fashion-sensitive apparel.

The World Bank provides technical assistance to help countries overcome these barriers. It also produces tools such as the Logistics Performance Index (LPI), which allows countries to assess their strengths and weaknesses in the logistics arena. With this material and expertise, the World Bank is helping poor countries improve their chances to trade.

In fiscal year 2013, the World Bank will spend $5.8 billion on trade facilitation projects, including:

- Customs and border management
- Streamlining documentary requirements
- Trade infrastructure investment
- Port efficiency
- Transport security
- Logistics and transport services
- Regional trade facilitation and trade corridors
- Transit and multimodal transport



Examples of World Bank trade facilitation projects

Cameroon customs reform

In Cameroon, a major focus of the World Bank's trade facilitation support is the Douala Port, which also serves the country's landlocked neighbors, Central African Republic and Chad. Currently, goods coming through Douala and crossing Cameroon are subject to unnecessary delays and costs, making imports more expensive for the customers who buy them. The World Bank's efforts are giving impoverished communities better access to world markets and lower prices for consumers.

In two years, a customs reform project in Cameroon led to a drop in the processing time of most shipping containers from 22 hours to less than two hours. It also reduced corruption and increased customs revenues by as much as 7 percent.

A second project is helping the governments of Cameroon, Chad, Central African Republic and Congo to put in place a new, simpler, customs processing regime. A third is working on an electronic payment system for small-scale traders. And a fourth is helping Cameroon combine all of its import-export processing in a single electronic interface, or "single window." Currently, merchants who want approval to ship goods in and out of the port go to the individual agencies – revenue collections, health inspectors, port authorities, etc. – and get papers signed by each one. But with the new, faster system, no paper will be involved.

Lao PDR trade portal

The World Bank is helping traders in Lao PDR get all the information they need on trade laws, regulations and procedures -- in one place. The World Bank has been working with the Lao government to develop a Trade Information Portal (TIP), an online resource that facilitates trade and increases transparency by making trade-related information easily accessible. The TIP will also help the country, which recently acceded to the WTO, to comply with new commitments currently being negotiated as part of the Doha Development Round.

India-Nepal corridor

A $101 million World Bank project is helping to facilitate trade between Nepal and India at a major border that currently takes 2 to 4 days to cross and requires that traders obtain about 19 official signatures for passage. The project seeks to ease congestion along the corridor, which carries 90 percent of Nepal's trade. It addresses key infrastructure gaps, such as much-needed warehousing and parking space for truckers in transit, and takes steps toward reforming procedures, regulations and business practices that hamper trade. It also will help develop a "single-window" technology platform to help coordinate the agencies that process trade transactions and simplify the clearance process for users.

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