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Key Institutional Factors for Successful Trade Facilitation Reform

Gerard McLinden
International Trade Department
World Bank
New Insights on Trade Facilitation

• Trade facilitation is a complex issue. The bottlenecks/binding constraints are different in every country – correct diagnosis critical

• Customs far ahead of other border management agencies - Customs only accounts for around a third of clearance time

• Significant new investment is therefore required to bring other agencies up to speed – But Customs can lead

• Measurement critical for success

• Donors part of the problem

• Few models to work from
What Factors Contribute to Successful Trade Facilitation Reform

• Strong and widely shared view that reform is necessary …. leading to …. a clear and ambitious but realistic vision of what success will look like

• Honest assessment of barriers
• A well developed implementation plan
• Access to necessary resources
• Commitment of all key stakeholders
• Leadership
• Incentives and disincentives
Example of a Vision

• A paperless trading environment in which 90% - 100% of documents are lodged electronically - government agencies share information and eliminate duplication of procedures and overlapping mandates

• A clear, concise and transparent legal framework where traders know their rights and obligations and can challenge decisions in a fair and transparent way

• A comprehensive risk management and compliance improvement philosophy leading to more focused targeting of high risk shipments and a radically reduced need for the routine physical verification of cargo
Example of a Vision

• Close cooperation and genuine partnership between government agencies and the private sector
• One WTO-compliant service fee to replace the current range of fees required by regulatory authorities, and
• Appropriate organizational structures and merit based human resource management approaches designed to give better focus to “value added” activities and ensure officials are well trained, appropriately remunerated and promoted on merit
Barriers to Achieving the Vision

• Existing rivalries and competition between ministries and agencies
• Inadequate competency, pay and promotion prospects
• Lack of experience in alternative regulatory environments
• Lack of effective regulatory framework governing the activities of customs brokers
• Resistance to change brought about by removal of unofficial incentives such as the payment of bribes
• Outdated and inadequate organizational structures
• Lack of public awareness and willingness to support the long term effort needed to achieve meaningful improvement
Benefits for Government and Traders

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<thead>
<tr>
<th>Implementation Difficulty/Cost</th>
<th>Benefits for Government and Traders</th>
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<tbody>
<tr>
<td>Low</td>
<td>Low priority</td>
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<td>High</td>
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<td>Low priority</td>
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<td>High Priority</td>
<td>Early wins</td>
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Difficult Issues for Reformers

- Developing a realistic long term vision for TF
- Identifying and empowering the right lead agency
- Obtaining high level political support
- Getting “buy in” from all stakeholders
- The role of IT in the reform process
- Comprehensive or partial reform
- Base line data and performance monitoring
- Outsourcing – PPP - PSI?
- Private sector participation
- Regional integration commitments