World Customs Organization
Annual Council Sessions
Brussels, 26 June 2009

New Customs and Trade Facilitation Initiatives

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International Trade Department
World Bank
Overview

- The Bank’s changing Customs agenda

- New Initiatives:
  - Border Management Modernization: A Handbook for Reformers
  - Launch of the Trade Facilitation Facility
The Bank’s changing Customs Agenda

- **Strong supporter of Customs reform and modernization**
  - Financed around 120 Customs projects in last 20 years
  - Progressive shift from fiscal focus to trade facilitation focus
  - Current portfolio of over $400 million – another $90 million in the pipeline

- Progress made in trade liberalization - but Customs and other border related formalities increasingly seen as a more significant barrier to trade than tariffs

- All major studies and business surveys indicate a positive and significant link between trade facilitation and increased trade flows & economic growth
The Bank’s changing Customs Agenda

- Customs is involved in every import, export and transit transaction and the way it performs impacts heavily on national competitiveness.
- All countries benefit from trade facilitation reform but the impact is most pronounced in developing economies.
- Customs can play a key role in driving the wider trade facilitation reform agenda – without Customs commitment genuine reform is not possible.

Customs reform is a sound development investment.
But its more than a Customs reform agenda

- Customs has already made progress – It typically has an IT system, uses some form of risk management, measures its performance, understands the need to balance facilitation with control, has a dialogue with the private sector, and is guided by agreed international instruments and reform templates (thanks to the WCO)

- Our research tells us Customs are typically responsible for only around a third of clearance delays

- What is being done about all the other agencies involved in cross border trade – sometimes up to 40 + agencies?
But its more than a Customs reform agenda

% of respondents declaring they are satisfied with **Customs** performance

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<tr>
<th>Highest performers</th>
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<th>Average Performers</th>
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% of respondents declaring they are satisfied with the performance of **other border agencies**

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Source: World Bank Logistics Performance Indicators
But its more than a Customs reform agenda

% of respondents claiming improvement in **Customs** performance over past 3 years

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Source: World Bank Logistics Performance Indicators
Pressing need for new knowledge and tools to support a holistic border management reform agenda

- The Bank has commissioned the preparation of a new and comprehensive handbook to assist policy makers, reformers and the development community to:
  
  - accurately identify and assess border management problems;
  - design cost effective reforms and interventions;
  - provide practical advice on implementation challenges; and
  - guidance on how to monitor results
Border Management Modernization: A Handbook for Reformers

- Designed for policy makers, administrators & development professionals
- Will be complemented by a series of web-based diagnostic and reference materials
- Practical case studies used wherever possible
- Based on international standards and good practice approaches to border management

To be published in October 2009
Border Management Modernization: A Handbook for Reformers

Chapters covering issues such as:

- How to develop a new vision for border management;
- How to design, implement, manage and pay for Single Window style systems;
- How to extend the application of core Customs disciplines to all border agencies;
- How to establish compliance improvement regimes across border agencies that create an appropriate incentive/disincentive mix to encourage voluntary compliance;
Border Management Modernization: A Handbook for Reformers

Chapters covering issues such as:

- How to design and deploy appropriate hard infrastructure and ICT to achieve the most cost effective border clearance processes; and most importantly
- How to build and maintain the necessary political and institutional will to tackle difficult reform, overcome strong vested interests and manage the change program

Prepared in cooperation with the WCO and leading practitioners

World Bank
Trade Facilitation Facility

A multi-donor financed fund to support practical implementation of trade facilitation reform

- Signed by the UK, expected contributions from Sweden and the Netherlands
- $30 - $40 million
- Emphasis on low income countries
- Simple application process – Rapid Approval 4 -6 weeks
- Several execution models – Bank – recipient - 3rd party
- Finance projects that current Bank instruments don’t do well
  - Regional projects, trade corridors and support for regional institutions
  - Partnership with international organizations
Trade Facilitation Facility

A multi-donor financed fund to support practical implementation of trade facilitation reform

- Long term technical advisors to support implementation and policy reforms related to trade and transport facilitation;
- Short term advisory services in the design and improvement of regional trade facilitation and transit regimes;
- Technical assistance for the improvement of border management clearance, technical controls and standards;
- Capacity building to promote better design and use of crucial trade related infrastructure
For further information:

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