# Mesoamerica improves international transit controls on goods

## Streamlining processes for goods in transit

NINETY-FIVE PERCENT (OR six billion US dollars) of commercial goods in the Mesoamerican region are transported overland using the Pacific Corridor every year. The Corridor, which crosses six national borders from southern Mexico to Panama, is the backbone of commercial trade in Mesoamerica. Despite numerous efforts to improve its infrastructure, bottlenecks at border crossings have created huge delays that have dramatically reduced the flow of goods. In 2008, the average speed of a truck moving from Mexico to Panama was 15 km per hour. As of August 2012, the average speed is 60 km per hour following the implementation of an innovative project financed by the Inter-American Development Bank (IDB).

This project, called Goods in International Transit (or TIM, its Spanish acronym), was designed to improve the speed and efficiency of border clearance for goods in transit. TIM is an electronic system for managing and controlling the movement of goods in transit, harmonizing previously cumbersome procedures into a single electronic document. The project is based on three main pillars:

- Process reengineering: TIM harmonizes multiple paper-based declarations into a unique and comprehensive electronic document that gathers all data needed by Customs, immigration, and phytosanitary agencies;
- Information technology: TIM connects the intranet systems of all agencies in all countries participating in the project, and includes state-of-the-art risk analysis and cargo control systems plus a modern server that hosts all data and produces a dashboard of statistics to measure performance at every border crossing;
- Cooperation: TIM improves cooperation within the country and between the different agencies operating at border crossings in the Mesoamerican region.

TIM was initiated through a two million US dollar project, allowing the IDB to design and implement the system at El Amatillo border crossing between Honduras and El Salvador. Since then, further resources (950,000 dollars) have been provided, allowing the project to be implemented at all major border crossings from Mexico to Panama.

## TIM in action

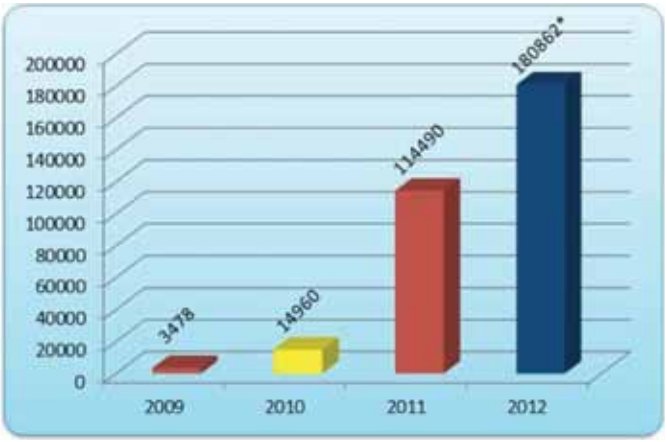
First, the carrier logs in to the TIM website and completes the Single Transit Declaration (STD). The information found on the STD, hosted on a secure server, is forwarded to the three relevant authorities of the country of origin, namely Customs, immigration and health/agriculture. Once the STD has been approved by the country of origin, the carrier receives a copy of the STD with a barcode that serves as authorization to start the transit. The program also sends out a copy to all relevant authorities in the transit and final destination countries.

Once the carrier arrives at a border crossing of a transit country, a dedicated TIM officer will review the STD and approve continued passage. Finally, once the carrier has arrived at the country of final destination, the authorities verify that the carrier has followed the mandatory route in the allocated time and that the integrity of the goods has not been compromised. The goods are then cleared barring any irregularities.

## From 62 minutes to 8 minutess

The implementation of TIM has reduced border crossing times from an average of 62 minutes to 8 minutes. Operating in nearly all border crossings in Mesoamerica, TIM now processes 90% of all transit activity in the region.

Graph 1: Number of transit declarations processed in Mesoamerica by year




*Data for 2012: 1 Jan - 26 Aug
Source: TIM database - www.portaltim.sieca.int

In addition to reduced waiting and border crossing times, TIM also delivers stronger risk analysis, better traceability and predictability, optimized revenue collection, increased private sector competitiveness by reducing the cost of doing business, and a reduced environmental footprint from transportation services.

## Lessons learned

The design and implementation of TIM has revealed some good practices, both for the implementing countries and for the executing agencies.

First, real and full political commitment from the highest authorities in every participating country contributes to a friendly environment based on mutual trust. Likewise, the executing agency must work closely with governments to ensure sustained interest and commitment.

Second, building trust was one of the main challenges faced during the execution of this project. TIM is based on the collabora-

tion of three agencies in every participating country that had no previous experience in collaborating with one another. A clear understanding of everybody's responsibilities and procedures is a good start to build trust.

Third, a strong technical team with specific knowledge of the region helps build solid relationships with top government officials and instills confidence from government and the executing agency alike.

Fourth, the rationalization of actors, given the number of countries and agencies involved in regional activities, ensures progress. In the case of TIM, multiple agencies with heterogeneous characteristics and mandates created competition and conflict that were resolved only by a clear outline of the legal and institutional character of the implementation mechanism. Rather than create a new regional legal framework for all countries and agencies for implementation, an executing mechanism was proposed that did not involve changes in national legislation. Despite lengthening and to some extent complicating the process, this approach reassured all agencies that participation in the project would not result in changes to the status quo through legislative amendments.

Fifth, establishment of a technical committee comprised of senior officials with decision-making powers from all participating agencies, notably Customs, immigration, and health/agriculture, ensures coordination and harmonizes execution. Decisions should be taken unanimously to ensure ownership by all regional players and continued consensus on the direction of the project.

Last, information technology platforms must be flexible and open to modifications and upgrades. Power and speed are essential, but more important is the system's ability to accommodate changes to the rapidly changing logistics industry, such as radio frequency devices, the Global Positioning System and electronic locks. For example, TIM was able to accommodate the shift from classifying goods at the six-digit level to an eight-digit one, following its implementation, thereby optimizing traceability and revenue collection. IT experts should also be familiar with the specificities of a region and design customized programs. In the case of Mesoamerica, replicating the European Union transit system – transport service providers choose the route that best fits – was not an option, given that goods in international transit must, by law, follow a predetermined route with specific checkpoints, so as to ensure security and traceability of goods moving through the Corridor.

## Next steps

The results of TIM have been outstanding so far and both the clients and the IDB are optimistic that the returns on investment for future stages of the project will also be fruitful. TIM will be expanded to other South American trade corridors while an updated version is being developed to include multimodal transit operations with special emphasis on maritime transit operations. These projects are in the pipeline for 2013 and are expected to be completed by 2015.

For further details on TIM, visit the following links:

- vimeo.com/26381136 (video produced by BID TV)
- www.iadb.org/en/videos/watch,2173.html?videoid=5180 (video produced by BID TV)
- www.portaltim.sieca.int/sitio/ (official website of the project)

## More information

**TIM Project Coordinator**
**iadbasarmiento@gmail.com**