Business Perspectives on TFA Implementation

Global Facilitation Partnership for Transportation and Trade 2015
Business views trade facilitation as important

**Individually**

Supply chain costs (%)

- Other supply chain costs
- Quality management + inspection
- Safety stock costs

60% reduction in supply chain costs translates to ~10% reduction in overall landed product costs

**Collectively**

Increase in trade* and GDP (trillion US$)

- Ambitious scenario: 2.6, 4.7%
- Modest scenario: 1.5, 2.6%

Countries improve trade facilitation halfway to global best practice
Countries improve trade facilitation halfway to regional best practice
Implementation effort best aligned to impact

- United States and Canada: 11% (Exports 11%, Imports 7%)
- Europe, except FSU: 2% (Exports 34%, Imports 6%)
- Russia and other FSU: 71% (Exports 71%, Imports 33%)
- Other Oil Producers: 26% (Exports 26%, Imports 10%)
- Non-Oil Middle East and North Africa: 46% (Exports 46%, Imports 34%)
- South and Central Asia: 65% (Exports 65%, Imports 49%)
- Southeast Asia: 12% (Exports 31%, Imports 34%)
- China, Hong Kong, Taiwan: 31% (Exports 31%, Imports 34%)
- Brazil: 74% (Exports 30%, Imports 39%)
- Rest of Americas: 38% (Exports 38%, Imports 39%)
- Sub-Saharan Africa: 63% (Exports 55%, Imports 55%)
- Korea: 9% (Exports 9%, Imports 9%)
- Japan: 11% (Exports 11%, Imports 3%)
- Oceania: 0% (Exports 0%, Imports 0%)

GDP increase:
- 2-3%
- 4-5%
- 6-8%
- ≥9%

Trade increase:
- Exports
- Imports
A broad supply chain perspective is helpful

- Differences in regulatory standards
- Border crossing times and processes
- Lengthy dispute settlements
- Tax Obstacles to supply chains (e.g. inventory storage)
- Re-Export Barriers (e.g. pooled equipment)
- Trade & investment policy visibility
Support from «non-trade» stakeholders essential

### Food Loss in LDCs

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Consumption</td>
<td>16%</td>
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<tr>
<td>Distribution and Market</td>
<td>16%</td>
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<tr>
<td>Processing and packaging</td>
<td>4%</td>
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<tr>
<td>Handling and storage</td>
<td>33%</td>
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<tr>
<td>Production</td>
<td>31%</td>
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### Enabling Kenyan Avocado Exports

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Food Loss</th>
<th>Value at Stake</th>
<th>Ease of Implementation</th>
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<tbody>
<tr>
<td>Enable use of covered trucks through consolidated collection points to protect avocados from sun exposure</td>
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<td>Promote avocados of Kenyan origin</td>
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<td>Develop commercial farms to ensure quality for importers and reduce losses during harvest and quality checks</td>
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<td>Mitigate missed Salalah trans-shipping risks</td>
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<tr>
<td>Mitigate missed Salalah trans-shipping risks, long-term priority: High value; low ease of implementation</td>
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<td>Improve avocado traceability and export monitoring to mitigate “briefcase exporters” effect</td>
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Note: (*) Ease of implementation is assessed based on the number of stakeholders, nature of stakeholders, time for implementation, investment required, need to adapt/change the legal framework and contentiousness of reform.

Sources: Bain & Company analysis; interviews
High quality trade facilitation is an ongoing search for tipping points.
Ensuring local, commercial and national development is crucial.