

UNNExT Capacity Building Workshop on Single Window Planning and Implementation

Module 2 – The Vision

Improving Import/Export Procedures and Documentation As A Strategy for Enhancing National Trade Competitiveness

Supported by



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14-15 December 2011
Palais des Nations, Geneva

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If SW is a journey, so the first few questions are where you want to go, and why we want to go there.

The SW Vision (and Goals)

**Discussion about what should be
the vision and goals
of the target SW
to be strategically achieved.**

The Objectives of this module

- To propose that there are still a lot of **opportunities** in **enhancing national trade competitiveness** by improving import/export procedures and documentation handlings
- To discuss **potential benefits of SW** in enabling the above vision
- To describe **why a systematic framework and guide for SW planning and implementation** is needed.

The issue is about

Increasing National Trade Competitiveness

by improving
Import/Export Procedures and Documents Handlings
among **Government Agencies,**
Business Entities and
Logistics Service Providers

(this is called **“Trade Facilitation”** improvement)

Documents required to export each shipment of rice (from purchase order until the cargo container leaving a sea port)

36 Documents involving 15 parties, and more than 700 data elements to be filled in

- | | |
|---|--|
| 1. Proforma Invoice (35) | 21. Master Sea Cargo Manifest(17) |
| 2. Purchase Order (39) | 22. House Sea Cargo Manifest (37) |
| 3. Commercial Invoice (50) | 23. <i>Export Declaration (75,39)</i> |
| 4. Application for Letter of Credit (24) | 24. Good Transition Control List (22,3) |
| 5. Letter of Credit (32) | 25. <i>Application for Permission to Export Rice (KP. 2)</i> |
| 6. Packing List (25) | 26. Sales Report (KP 3) (21) |
| 7. Cargo Insurance Application Form (20) | 27. <i>Application for the Collection of the Permit for the Export of Rice (A. 3)</i> |
| 8. Cover Note (23) | 28. <i>Permit for the Export of Rice (A. 4) (32)</i> |
| 9. Insurance Policy (24) | 29. <i>Application for Certificate of Standards of Product (MS. 13/1) (44)</i> |
| 10. Booking Request Form – Border Crossing (24) | 30. <i>Certificate of Analysis (17)</i> |
| 11. Booking Confirmation – Border Crossing (31) | 31. <i>Certificate of Product Standards (MS. 24/1) (45)</i> |
| 12. Booking Request Form – Inland Transport (16) | 32. <i>Certificate of Fumigation (21)</i> |
| 13. Booking Confirmation – Inland Transport (18) | 33. <i>Application for Phytosanitary Certificate (PQ. 7) (29)</i> |
| 14. Bill of Lading (40) | 34. <i>Phytosanitary Certificate (34)</i> |
| 15. Empty Container Movement Request (TKT 305) (19) | 35. <i>Application for Certificate of Origin</i> |
| 16. Request for Port Entry (TKT 308.2) (27) | 36. <i>Certificate of Origin (38)</i> |
| 17. Equipment Interchange Report (EIR) (24) | |
| 18. Container Loading List (18) | |
| 19. Container List Message (32) | |
| 20. Outward Container List (34) | |

* All documents required by governments, traders, banks, insurance, and logistics service providers.

* Number in parenthesis is the number of data elements to be filled in.

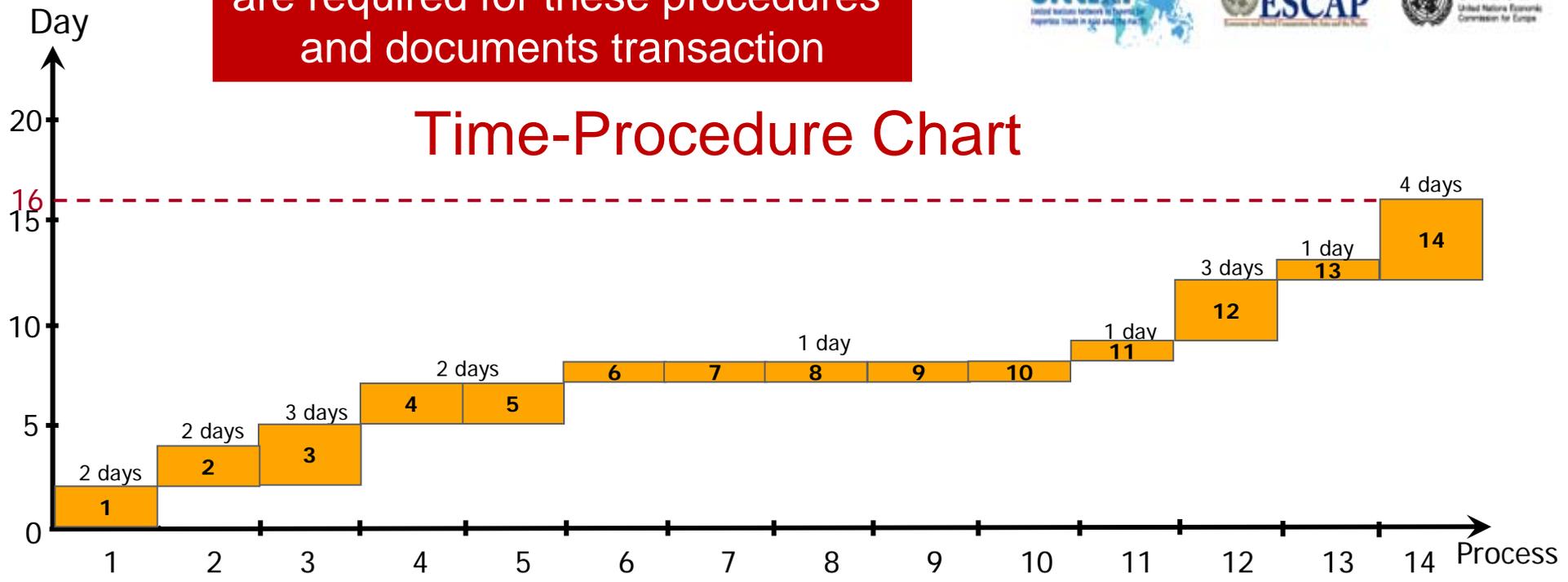
* Reference: Somnuk Keretho, UNNExT Presentation, 2011.

A Business Process Analysis - in Exporting Jasmine Rice from Thailand -

16 days
are required for these procedures
and documents transaction



Time-Procedure Chart



1. Buy - Conclude sales contract and trade terms
2. Obtain export permit
3. Arrange transport
4. Arrange the inspection and fumigation
5. Obtain cargo insurance
6. Provide customs declaration
7. Collect empty container(s) from yard

8. Stuff container(s)
9. Transfer to port of departure
10. Clear goods through customs
11. Handle container at terminal and stow on vessel
12. Prepare documents required by importer
13. Verify the accuracy/authenticity of exported cargo
14. Pay - Claim payment of goods

Indicators can help decision makers to understand the importance of import/export procedures related to national trade competitiveness

Indicators	Kazakhstan	Nepal	Thailand
Documents to export (number)	10	9	4
Time to export (days)	81	41	14
Cost to export (US\$ per container)	3,005	1,960	625

Reference - World Bank's Doing Business – Trading Across Border (7 Nov 2011) www.doingbusiness.org

Comparing among 183 countries, the costs and procedures involved in exporting (and importing) a standardized shipment of goods are studied.

Every official procedure involved is recorded – starting from the final contractual agreement between the two parties, and ending with the delivery of the goods.

Time & Documents needed for export a standardized cargo*



Trading Across Borders in
Lao PDR



Ease of Doing Business in
Thailand

Export Procedures	Duration (days)	US\$ Cost
Documents preparation	29	90
Customs clearance and technical control	3	60
Ports and terminal handling	4	130
Inland transportation and handling	8	1,600
Totals	44	1,880

Nature of Export Procedures	Duration (days)	US\$ Cost
Documents preparation	8	270
Customs clearance and technical control	1	50
Ports and terminal handling	3	85
Inland transportation and handling	2	220
Totals	14	625

Export documents

- Bill of lading
- Certificate of origin
- Commercial Invoice
- Customs export declaration
- Equipment interchange receipt
- Export license
- Packing List
- Pre-shipment inspection clean report of findings
- Technical standard/health certificate

9 documents needed

Export documents

- Certificate of origin
- Commercial invoice
- Customs export declaration
- Terminal handling receipts

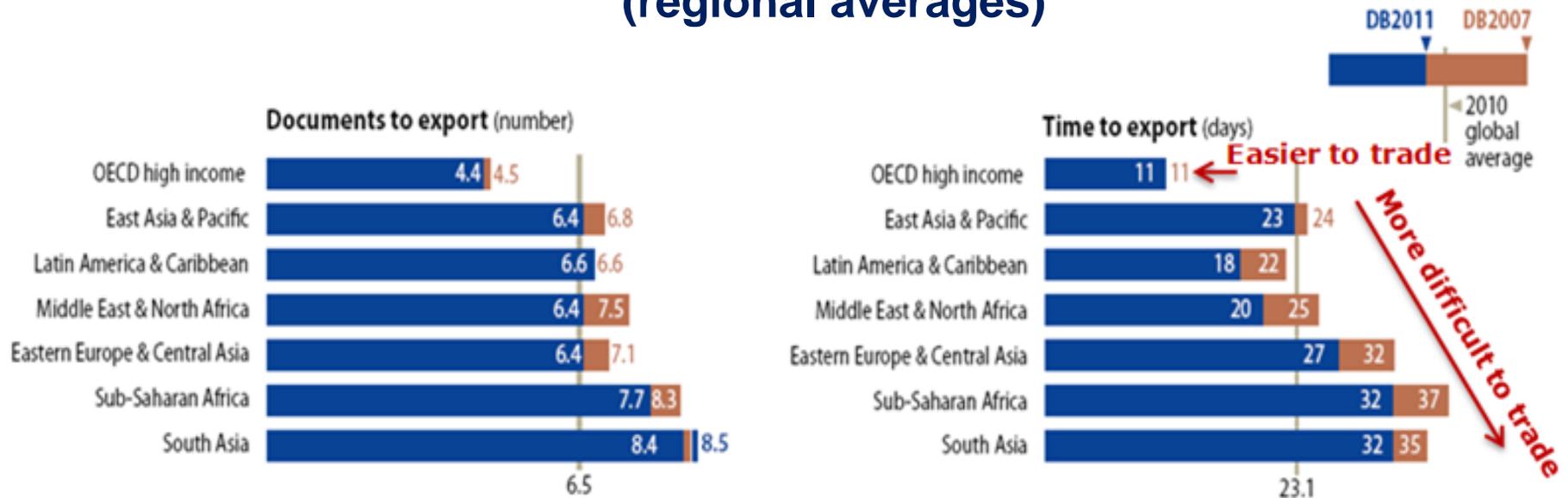
4 documents needed

* More documents will be needed for agriculture or dangerous goods.

Reference - World Bank's Doing Business – Trading Across Border (24 Oct 2011) www.doingbusiness.org

Some countries are easier & faster to trade, but some countries are more difficult to trade with.

Complications in terms of required documents and procedures, and time for exporting a standardized container of goods (regional averages)



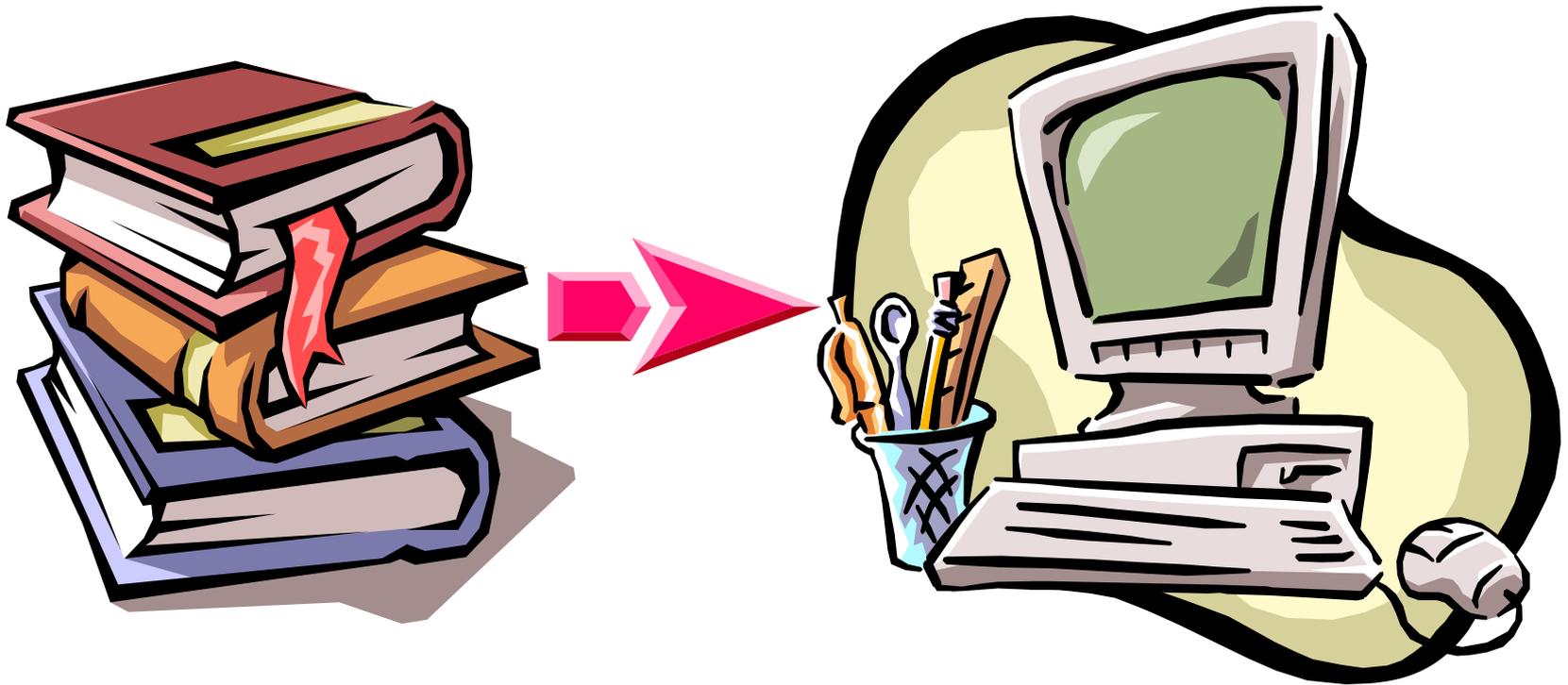
As an example, the average time to export from OECD high-income countries is about 3 times faster than the average in South Asia & Sub-Saharan Africa countries

Why trading across borders in some countries are more difficult, time consuming and expensive?

- Procedures and documents handling remain **largely paper dependent**
- **Missing and incorrect documentation** slows progress through the supply chain
- Keeping documents & freight in sync is **complex** and **costly**
- **Multiple parties** capturing the same data is **inefficient** and **error prone**
- We acknowledge other factors that makes trade in developing countries more difficult, including **infrastructure, corruption, land locked, ...** (but these are not the scope of discussion in this workshop)

Why trading across borders in some countries are easier, faster and less risky?

Mainly because those countries gradually transform/reform their paper-based environment into Collaborative e-Government/e-Business platform.



Paper-based Environment

Paperless or e-Document Environment

Economic Impacts

because of the delay on trading across

- Each *additional day of delay* (e.g. because of trade logistics procedures) *reduces trade* by at least *1%*

Ref: “**Trading on Time**,” Simeon Djankov, Caroline Freund, and Cong S. Pham, World Bank (2007).

- “**Direct and Indirect Cost** from import/export-related procedures and required documents is about *1-15% of product cost.*”

Ref: “**Quantitative Assessment of the Benefits of Trade Facilitation**,” OECD (2003).

Measurement of Impacts (on time, cost, and complexity reduction)

because of NSW in Thailand (2009) through reform and applying IT in Borderless Customs

Trading Across Borders data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		51	10
Documents for export (number)	9	7	4
Time for export (days)	24	17	14
Cost to export (US\$ per container)	848	615	625
Documents for import (number)	12	9	3
Time for import (days)	22	14	13
Cost to import (US\$ per container)	1042	786	795

Transaction Cost reduction from 848 to 625 (~220 USD) per container
 (x 3.5 million TEU per year) = **770 Million USD** transaction cost reduction per year

The Vision & Goals

- **Vision:** Increasing national trade competitiveness by improving import/export procedures and documentation transactions/handlings
- **Quantitative Goals:**
 - 25% better, faster, and cheaper in trading across borders* within 5 years**

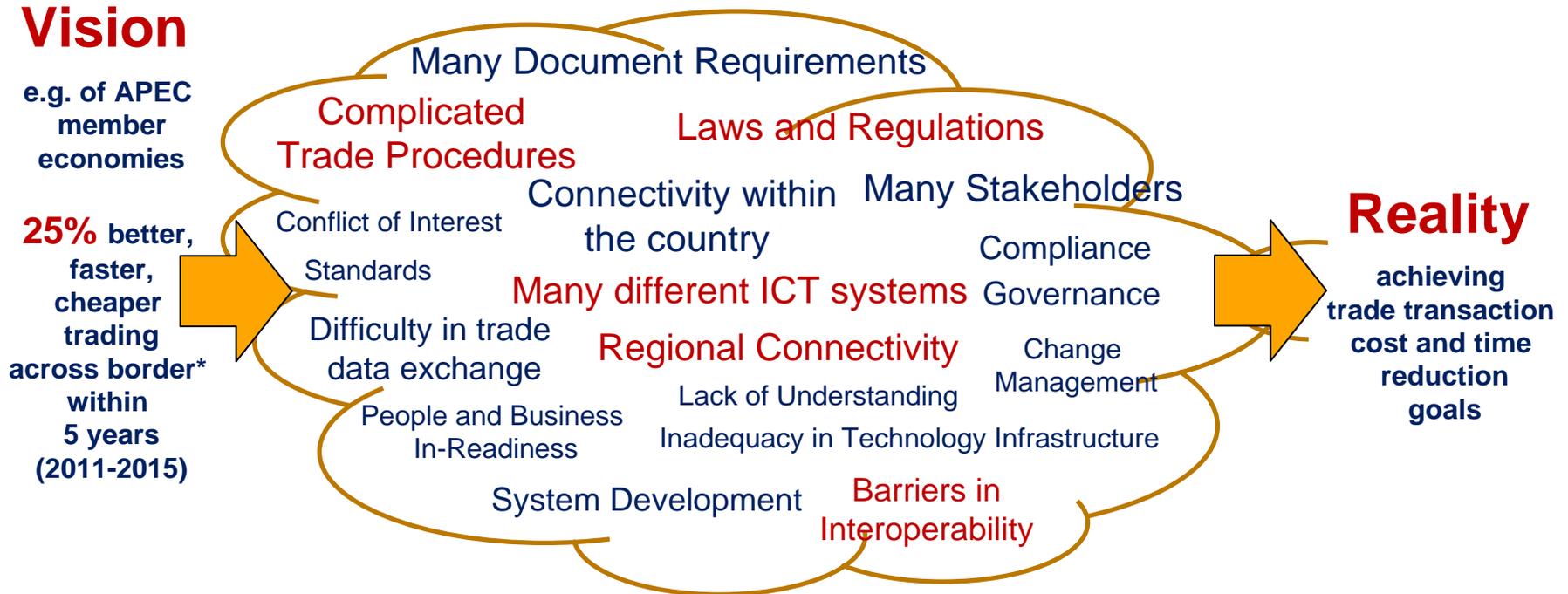
** The quantitative numbers here are given just an example, which happens to be the vision among **21 APEC many economies for 2011-2015.**
(APEC = Asia and Pacific Economic Cooperation)

* Referring to World Bank's Index (www.doingbusiness.org)
“better” means better control, e.g. less fraud, less confusion, less number of steps, and better risk management.
“faster” means less numbers of days/hours for procedures and document handling,
and “cheaper” means less cost (both direct and indirect cost).

Why a holistic and systematic framework is needed?

(Reality)

Because there are so many challenges to be tackled to transform this Vision into Reality.



* Referring to World Bank's Index (www.doingbusiness.org)

What is SW Implementation Framework (SWIF)?

- SWIF is a **systematic architecture-based framework** for guiding the Single Window Planning and Implementation into reality.
- SWIF adapts the concept of **enterprise architecture** and **development methodology*** to describe steps how to systematically derive the single window **strategic architecture** and **the master plan** for SW implementation.

SWIF Authors: Markus Pikart (UNECE), Thayanan Phuaphanthong and Somnuk Keretho (Kasetsart University, Thailand), Wout Hofman (TNO), and Eveline van Stijn and Yao-Hua Tan (Vrije Universiteit Amsterdam)

* Adopted from An Enterprise Architecture Framework, called TOGAF-9.

Key Concepts and Guidelines within SWIF

1. **Visions & Goals Alignment** – formulating SW visions and goals, where possible with quantitative indicators, by aligning also with national and/or regional policy directions.
2. **Decomposition** - systematically decomposing and structuring SW implementation challenges into smaller and easier manageable components (10 components are proposed here).
3. **Iterative development cycle** – “as-is” or current conditions of those 10 components should be analyzed, and then “to-be” or future architectures (again of those 10 components) need to be developed and agreed (normally many iterations needed before we can really agree).
4. **Viewpoints** – showing the same thing but with a different level of details based on the interest of target audiences (normally with diagrams).
5. **Stepwise activities** for analysis, planning and overseeing the SW projects by walking through those 10 components iteratively.

Summary

- ❑ Improving import/export procedures and documentation is realized by many countries as a strategy for enhancing national trade competitiveness
 - ❑ It is important to establish and mandate these **vision** and **quantitative goals** as a strategic development agenda for the nation.
- ❑ From the experience of many countries, these vision and goals could be realized by **gradually** and **systematically transforming** related **paper-based environment** into more efficient **paperless/electronic-document environment**.
 - ❑ **IT-enabled SW environment** along with its associated reform has the potential to enable the above vision.

Summary

- ❑ Complicated challenges in implementing the vision of SW into reality is the main reason why **a holistic and systematic framework and guidelines for SW planning and implementation** are needed.
- ❑ Since **enterprise architecture** models are a widely-accepted tool in building inter-organizational complex systems*, a **SW architecture-based Implementation Framework (SWIF)** is the recommended approach of this workshop.

* References - “Enterprise Architecture as Strategy,” J.W. Ross, P. Weill, D.C. Robertson, Harvard Business School Press, 2006.
- The US Chief Information Officers Council (1999). [Federal Enterprise Architecture Framework Version 1.1](#). September 1999.
- “Enterprise Architecture as Platform for Connected Government,” Dr. Pallab Saha , NUS Institute of Systems Science, 2010.