



***Business/Trade facilitation for a more
favorable business climate:***

New drivers accelerators around Single Window.

***David Ngarama
Strategy and Planning Manager,
KenTrade, Kenya***

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Outline

- Background
- Single Window and business facilitation
- Emerging trends and threats
- Accelerators
- Role of Single Window
- Kenya's experience

Background

- Trade facilitation is a key factor for international trade efficiency and the economic development of countries.
- Trade facilitation has a major impact on competitiveness, market integration and attracting FDI.
- Are potential gains from trade facilitation for both Govts and business (*enhanced tax collection, better use of resources & trader compliancelower transactions costs and competitiveness*).

Background

- Trade facilitation looks at how procedures and controls governing the movement of goods across national borders can be improved to reduce associated cost burdens and maximize efficiency while safeguarding legitimate regulatory objectives.
- In the context of the Single Window, you cannot talk about business facilitation without talking about trade facilitation.

Background

- Objective is to make trade across borders faster, cheaper and more predictable.
- Its about **simplifying and harmonizing formalities, procedures** and the related **exchange of information and documents** between various players in the supply chain.
- Focus is on procedures and associated information flows required to move goods from seller to buyer.

Single Window and business facilitation

- Single Window (SW) environment provides one entry point, either physical or electronic for the submission and handling of all data and documents related to the release and clearance of an international trade transaction.
- A SW environment is therefore a practical application of trade facilitation concepts to reduce non-tariff trade barriers and deliver immediate benefits to all members of the trading community.

Single Window and business facilitation

- SW environment create significant opportunity to improve the speed and efficiency of border procedures, thereby reducing trade costs and enhancing participation in the global value chains that characterize international trade today.
- OECD (*June 2015*) - greatest contributors to reducing trade costs comes from measures to
 - streamline procedures and reduce documentation,
 - automation and
 - measures to streamline fees and charges.

Emerging trends

- Last few years **trade tariffs and quota systems** have been dismantled.
- International trade has increased and **manufacturing has become more global** – Global Supply Chains.
- Developing, emerging and transition economies are **connecting more with international supply and value chains** in both imports and exports
- One of the key aspects of GSCs is synchronization: **goods flow in and out of chains in a just-in-time process**, so as to keep costly inventories at a minimum

Threats

- An export process on average, involves 27 parties, more than 40 documents, more than 300 copies of documents and the re-keying of 60 – 70% of all data at least once (UN/CEFACT).
- According to OECD, “crossing the border” costs can increase trade costs by up to 24% of the value of goods.
- OECD work shows that implementation of trade facilitation measures could reduce worldwide trade costs by between 12.5% and 17.5%.

Accelerators to facilitate businesses

- Efficient, fast and reliable border crossing and clearance procedures are key for the GSCs (just-in-time and just in sequence logistics services).
- Key Trade facilitation measures that have significant impact on Trade have a **direct correlation with the SW Environment** and can largely be impacted by implementation of the SW concept.
- Such measures include (OECD):

Accelerators to facilitate businesses

l) Improvements in the area of formalities including:

- a) simplification of trade documents;
- b) streamlining border procedures and
- c) automation of the border process

Appear to have the greatest impact on **trade costs generating cost savings of 2.8% to 4.2%** (OECD, June 2015) depending on the level of development.

Availability of trade related information and the possibility to request advance rulings also have an important potential for cost reductions.

Accelerators to facilitate businesses

- 2) For **low income countries** the measures with the potential to most reduce trade costs are:
- a) harmonizing and simplifying trade documents (4.2%),
 - b) automating trade and customs processes (3.6%);
 - c) ensuring availability of trade related information (2.8%) and
 - d) streamlining border procedures (2.8%).

Accelerators to facilitate businesses

3) For **lower middle income countries**, measures include:

- a) streamlining border procedures estimated to have the greatest impact (3.9%)
- b) harmonizing and simplifying trade documents, (3.5%) and
- c) automating trade and customs procedures (2.9%) .

Accelerators to facilitate businesses

- 4) For **upper middle income countries** the measures with the greatest expected impact on trade costs are:
- a) streamlining border procedures (3.6%),
 - b) automating trade and customs processes (2.8%),
 - c) ensuring the availability of trade related information (2.4%) and
 - d) providing advance rulings on customs matters (2.4%).

Role of Single Window

- Simplification and harmonization of trade related documentation is key to achieving an efficient SW environment.
- SW is founded on the premise of electronic processes and submission of documents in which standardized information and documents are provided to fulfil import, export and transit-related regulatory requirements.
- The SW therefore ensures that there is transparency - traders already know the documents they are required to submit and the form they should take. In addition, it also introduces predictability in that processes and border formalities are documented and standardized.

Role of Single Window

- Process re-engineering and automation is part and parcel of the SW design and operationalization.
- SWS can be a source of trade related information that is required by traders to facilitate their business.
- Single Window facility could help to make the processes faster, more transparent and less conducive for corrupt practices.

Kenya's experience

- Using the SW as a platform for simplifying and harmonizing trade documentation.
- Working with Government Agencies to streamline the border processes.
- With support from IFC working towards automating border processes for eventual integration with the SWS.
- Working closely with UNCTAD and TMEA, enhancing the SW to include trade related information – integrate with an e-Trade Portal.

Kenya's experience

Simplification of various trade processes and utilization of the TradeNet System has resulted in;

- 1) The average number of processes/steps in processing clients applications has reduced by almost 50%
- 2) The average number of documents required for processing applications has reduced by about 30 – 50%.

Kenya's experience cont'

- 3) The time taken to process clients requests has reduced by over 50% in some instances e.g. the Dairy Board
- 4) The number of times a client needs to visit a Government Agency for a single application has been reduced to zero in a number of instances.
- 5) More Agencies and now keen to use the TradeNet System with 29 Agencies already on board and 5 at piloting stage.



THANK YOU