

Trade

Trade Facilitation and Logistics

The World Bank Group supports client governments in enabling efficient and sustainable supply chains through modernization and reform of border management and clearance processes as well as logistics infrastructure and services.

Context

Trade facilitation and efficient logistics support the movement of goods and services between producers and consumers. This in turn makes supply chains more efficient and reduces costs, red tape, and bottlenecks faced by the trading community. To compete in the global economy, traders require seamless supply chains, including efficient border management and clearance processes, as well as logistics infrastructure and services.

These demands make the removal of supply chain bottlenecks critical to improving the competitiveness of low- and middle-income countries. Research by the World Bank Group suggests that inadequate trade-related infrastructure and supply chain bottlenecks are the primary determinants of trade costs; reducing them by half would raise global trade by an estimated 15 percent and global production by 5 percent.

What we offer

The World Bank Group has implemented more than 120 customs, border management and trade facilitation projects over the past 20 years that have resulted in major improvements in terms of reduced time to import and export, as well as better transparency, predictability, and reduced transaction costs for traders.

Our support focuses on both the 'software' and 'hardware' of trade facilitation and logistics. Software, in this context, refers to the reengineering of systems and procedures, reduction of red tape, improvements in the competitiveness of transport and logistics markets, institutional development and coordination of trade-related agencies, and increasing the professionalism of logistics service providers. Hardware refers to trade-supporting infrastructure investments such as roads, ports, cargo handling facilities, and ICT systems. Aligning these hardware and software projects helps maximize their economic impact, for example by complementing cross-border road projects with reforms to streamline border clearance processes. In addition to directly cutting trade costs, our projects facilitate trade by improving cooperation across border management agencies, harmonizing procedures, and fostering smoother and more cost-effective logistics.

Across both hardware and software issues, the World Bank Group applies **cutting-edge diagnostic tools** and brings **extensive global experience** to help client governments understand the key constraints and identify where reforms and investments will have the greatest impact. A range of recent publications have been developed to help client countries and development practitioners diagnose and address challenges related to logistics and trade facilitation. For example, the Logistics Performance Index provides data on the connectivity and logistics performance of 160 countries.

The World Bank Group works in close partnership with key international and regional organizations and has established a number of multi-donor-financed programs to support trade facilitation. A priority is to help countries reform their trade facilitation practices in alignment with the **WTO Trade Facilitation Agreement (TFA).** In particular, a new Trade Facilitation Support Program allows us to respond

rapidly to requests for assistance to help countries plan for implementation of the TFA; and secure the necessary assistance from the World Bank Group or other sources to implement reforms in line with the TFA.

Our support for trade facilitation and logistics draws upon expertise found across the Bank Group, including the Trade and Competitiveness Global Practice and the Transport and ICT Global Practice.

Relevant publications

Logistics Performance Index

Trade and Transport Corridor Management Toolkit

Border Management Modernization

Developing a Trade Information Portal

For further information

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Our work in action

In **Lao PDR** the Bank Group helped to develop a national trade facilitation strategy, implement an automated trade information portal and an automated processing system covering all key checkpoints and 90 percent of all import and export transactions. The projects also helped develop a blueprint for a national single window, and supported WTO accession, with membership achieved in 2013.

The **Great Lakes Region** Trade Facilitation Project will facilitate cross-border trade by reducing costs, wasted time, and harassment. This will improve the operating environment at the border for traders. The project targets the constraints faced by small-scale traders, especially women, in cross-border trade and seeks to improve border infrastructure, procedures, and systems to better connect farmers to regional markets.

In **Colombia**, a Bank Group project improved the single window for foreign trade (VUCE) and designed a national cargo risk management policy for Colombian ports. Additionally, in two of Colombia's major ports of entry, the project established a successful risk management program. A new risk-based approach to health clearances reduced average time at berth for ships by 50 percent. Colombia's reforms have helped cut time to export from 20 to 14 days and time to import from 24 to 13 days since 2008.

In **Honduras** we helped link three government agencies—Customs, the National Agriculture and Livestock Health Service, and the Center for Exports—and their systems to streamline trade procedures for agribusiness products. This resulted in a reduction in time needed to obtain technical control documents for the export of food products from three days to one.

We worked with **Greece** to undertake a detailed review of its logistics environment, working with many agencies and the private sector to improve institutions and regulations. This led to a new law to help Greek companies better connect to Europe, and a new National Logistics Strategy for Greece.