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**TRADE AND TRANSPORT FACILITATION – MEASURING
PERFORMANCE**

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Introduction

In 2002 total world export reached a value of USD 6.3 billion¹ equivalent to approximately 20% of world Gross Domestic Product (GDP). Ever since the 1950s world trade has grown faster than world production. Many, although not everybody, has benefited greatly from this development and it is generally accepted that trade is one of the most powerful motors of economic development. Following almost twenty years of uninterrupted growth, world merchandise trade fell by 4 percent in 2001 following the collapse of many Internet companies and a sharp decline in the telecommunication industry. However, world trade rebounded by 4 percent in 2002 and in the first half of 2003 world trade as a whole has grown by an impressive 15 percent². In the Middle East, merchandise export fell by 8 percent in 2001 and remained stagnant in 2002 while import grew at 6 and 7 percentage points respectively³.

During the last 50 years, world trade in manufactured goods has grown more than other trade categories such as mining, including oil, and agricultural products approximately 4 out of every five years. Containerized traffic, the preferred means of transporting general cargo, has grown accordingly, being both a cause and a result of the growth in merchandise trade. The number of containers handled in ports reached 234 million TEU⁴ in 2001, a 2.2 percent increase over the year 2000 in spite of a 1.3% decline in the export volume of manufactured goods in the same period.

Over the years, tariff barriers to trade have been lowered considerably through successive rounds of WTO trade negotiations. The result is that it is nowadays generally assumed that many national economies can gain more through the elimination of non-tariff barriers, in particular by simplifying trade procedures, than from further lowering tariffs⁵, although the two actions are complementary to each other.

Trade Facilitation

Trade facilitation is defined by the WTO as *"the simplification and harmonization of international trade procedures"* with trade procedures being the *"activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade"*⁶. Some broader definitions of trade facilitation also include issues such as product conformance and safety standards, the mobility of business people and transport operators, and the infrastructure required for streamlining transport and document flows. In this paper we will consider trade facilitation in line with the WTO definition, i.e. as primarily a matter of simplifying trade procedures.

Trade facilitation applies to the total trade transaction from the placing of an order to the completion of the payment and everything that happens in between. Many procedural barriers to trade are the result of poorly designed control procedures in response to government requirements. The functioning of customs administrations and what occur in ports and at border

¹ WTO International Trade Statistics 2003 http://www.wto.org/english/res_e/statis_e/its2003_e/its03_toc_e.htm

² *ibid* and WTO World Trade Developments in 2002 and Prospects for 2003

³ *ibid*

⁴ Review of Maritime Transport 2003, UNCTAD New York and Geneva, 2003

TEU is a measure of container capacity and stands for "Twenty Foot Equivalent Unit"

⁵ The 2001 APEC Study "Benefits of Trade and Investment Liberalization and Facilitation in APEC" concluded that a 50% reduction in tariffs would bring about 0.58% increase in GDP among APEC economies while a 5% reduction in trade costs would bring about an increase of 0.98%. Report available at <http://www.apecsec.org.sg/>

⁶ From the WTO website http://www.wto.org/english/thewto_e/whatis_e/eol/e/wto02/wto2_69.htm

crossings is therefore of particular interest.

It should be noted that government requirements related to international trade originate from many different ministries and departments and that customs is used here as a catch-all for all official agencies because it is the most important border agency⁷. It should also be noted that not all delays are caused by government-imposed procedures. A study by the World Customs Organization (WCO) of cargo clearance times at Indonesian ports found that the customs clearance process for certain shipments took an average of 6.4 minutes, compared to 159 hours and 23 minutes for other activities involved in cargo clearance, including problems with incomplete documents; red tape involved in releasing goods from warehouses; payment hold-ups; and deliberate delays in delivery even after release of goods by customs officials⁸.

Many ESCWA member countries are attempting to modernize their trading systems and several have undertaken ambitious Customs reforms. Still, as a whole, trade in the ESCWA region is characterized by red tape and costly and inefficient procedures. This was illustrated as recently as mid-November 2003 when the Jordan Times reported that Syria would not allow Jordanian goods to enter Syria unless it was accompanied by a certificate of origin from the Syrian embassy in Amman. The Jordanian government immediately responded with a similar requirement⁹.

Whereas there may be valid reasons for a developing country to protect domestic industry and production in face of international competition during early stages of development, this should not and cannot be achieved through inefficient and costly trade procedures. Economists generally recommend that protection, when required, should be done through the setting of appropriate tariff levels in order to cause the least distortion to the economy.

UNCTAD estimates that the average customs transaction involves 20–30 different parties, 40 documents, 200 data elements, 30 of which are repeated at least 30 times, and the re-keying of 60–70% of all data at least once¹⁰. This not only costs money but also frequently constitutes such a formidable barrier to international trade that many small and medium sized enterprises abstain from even trying to export.

It would be useful to know the direct and indirect cost of trade procedures in order to be able to better evaluate potential gains from simplifying procedures and also to better evaluate the costs and benefits that might follow from proposed trade reforms, such as Customs modernization.

Measuring the cost of trade procedures and estimating the potential benefits from trade facilitation is however a difficult task. For one thing, the time required to prepare and process trade documents, and the delays encountered in moving and clearing goods, are rarely documented, and even when they are it is difficult to translate the data into monetary values as many administrative costs are counted as overhead and therefore not measured separately. Still some studies have been made on the subject and a selection of these will be reviewed and discussed in the following section.

⁷ Separate agencies are often involved in the clearance process for goods such as agricultural and food products and dangerous goods. In addition US Customs for example enforces more than 400 provisions of law for 40 other federal agencies see http://www.customs.ustras.gov/xp/cgov/enforcement/authority_enforce/

⁸ “Cutting through Red Tape” APEC Workshop on Trade Facilitation, Singapore, September 2000, quoted in OECD “Business Benefits of Trade Facilitation” TD/TC/WP(2001)21/FINAL 10-Apr-2001

⁹ Jordan Times, November 19, 2003

¹⁰ Quoted on the WTO website http://www.wto.org/english/thewto_e/minist_e/min01_e/brief_e/brief15_e.htm

Measuring the Cost of Trade Procedures

The earliest effort to measure the direct cost of the paperwork involved in international trade that we know of is a 1971 study entitled "Paperwork or Profit\$ in International Trade" which was conducted in the United States over a 2-year period by joint private - public sector teams from the National Committee on International Trade Documentation (NCITD) and the Office of Facilitation of the Department of Transport. This is also the most ambitious effort that has yet been made to record and measure trade documents and procedures. The results from this study are still being quoted - and misquoted. We will therefore review it in some detail.

The objectives of the NCITD study were to identify documents, paperwork procedures and related costs to US international trade, to define the problems, and to recommend improvements and solutions. The study encompassed the major markets and principal commodities of US international trade and included 41 countries, 20 major commodity groupings and 41 detailed commodity descriptions.

The case selection was made by exporters and importers who usually were also the sellers and buyers. These exporters and importers selected individual shipments of their own choice. Some chose their most typical international shipments, some took their most difficult, and some based their choice on volume. A few picked cases dealing with new markets being developed. All modes and types of transport were represented although the international leg was predominantly by water, while inland movements in other countries were principally by truck and some by rail.

When designing the study it was decided not to predetermine the number of cases but to add until major markets, major commodities, participants, modes and types of transport, and documents and procedures were adequately covered. The fieldwork was completed when documents, procedures and other elements appeared to be representative and the addition of more cases would not materially affect findings, conclusions and recommendations.

Each team member handled specific shipment cases from initial contact to final conclusion. This required a long series of interviews with shippers, receivers, carriers, forwarders, customs brokers, banks, suppliers, warehouse operators, government agencies and others, using a survey guide specifically designed for the project. The team traveled throughout the United States for almost two years to complete the total data collection.

The Study found that

- A total of 46 different types of firms and government agencies were regularly involved in international trade and as many as 28 of these parties participated in a single export shipment;
- A total of 125 different types of documents were in regular and special use and that the 125 types of documents represented more than 1000 separate forms;
- A total of 80 types of documents were in regular use as opposed to 45 in special use;
- An average shipment involved 46 separate documents with an average of over 360 copies per shipment;
- Average export and import shipments required 64 man-hours to prepare and process, split on average between 36.5 man-hours for an export shipment and 27.5 man-hours for an import shipment;
- Documentation cost per international shipment averaged \$351.04 - divided \$375.77 for

exports and \$320.58 for imports (in 1971 dollars)¹¹; and

- The total documentation cost in the US for international trade represented 7.5 percent of the total US export and import value in 1971.

Many things have changed drastically since 1971, in particular the growth of the volume of international trade, the use of information and communication technology, and containerization. Also, the format of many trade documents and forms have been standardized based on the United Nations Layout Key for Trade Documents (UNLK) and many customs administrations have introduced so-called Single-Administrative-Document (SAD) combining multitudes of separate documents into a single one¹².

Then again, although the 1971 NCITD study is more than 30 years old, many things haven't changed as much as one might have wished, in particularly in developing countries. For example, a recent study by ESCWA found that the clearing of goods through ports and customs in the region¹³ involve, on average, 40 steps and require 20 signatures, many of which have no clear logical purpose¹⁴. For example, vessels calling at the port of Aqaba in Jordan are required to submit 9 documents with a total of 44 copies for the cargo and 9 documents with a total of 24 copies for the vessel¹⁵. (See Annex 2)

The NTICD study has been the base for many subsequent analyses of trade cost and benefits from facilitation. First researchers converted the average trade documentation cost of 7.5 percent into 5 percent for export and 7 percent for import. Then some analysts proceeded to estimate the international trade transaction cost to be between 10 and 15 percent of the total value of the goods, arguing that transaction costs exist at both ends of the transaction, that is both at the exporting and at the importing end¹⁶.

Subsequently, based primarily on the analysis above, the 1994 UNCTAD Ministerial Declaration on Trade Efficiency stated "*estimates place the costs of trade transactions at 7 to 10 per cent of the total value of world trade*"¹⁷. This UNCTAD estimate is still being widely quoted.

There do exist a few cost studies in addition to the NCITD study. A Swedish study, reported in 1985 but not published, concluded that the cost of customs compliance were equivalent to 4 percent of the value of import and export consignments respectively, or 8 percent of the total value of the goods traded¹⁸.

A study for the European Union (EU) published in 1987 estimated that customs compliance cost for internal European Community trade was 0.7-0.8 percent of the value of imports and exports respectively or 1.5 percent of the total value of intra community trade¹⁹. The considerable difference in the cost of trade procedures within the EU and the world at large is confirmed by

¹¹ This is equivalent to an average of \$1,558 - divided \$1,660 for export and \$1,423 for import in 2002 dollars, calculated by ESCWA based on a CPI = 41 in 1971 and CPI = 182 in 2002, CPI data from US Dept. of Labor <http://research.stlouisfed.org/fred2/data/CPIAUCSL.txt>

¹² See <http://www.unece.org/cefact/> under Recommendations and <http://www.asycuda.org/sad.asp>

¹³ Countries participating in the ESCWA study included Egypt, Jordan, Lebanon, Syrian and the UAE

¹⁴ "The Facilitation of International Cargo Transport in the ESCWA Region" (in Arabic) ESCWA Report E/ESCWA/TRANS/2000/4, March 2001.

¹⁵ See <http://www.nis.gov.jo/portscorp/doc1.html>

¹⁶ "Business Benefits of Trade Facilitation" OECD Report TD/TC/WP(2002)21/FINAL, 10-Apr-2002, - Available at <http://www.oecd.org/trade>

¹⁷ Columbus Ministerial Declaration on trade Efficiency, City of Columbus (Ohio, United States of America) from 17 to 21 October 1994

¹⁸ Quoted in "Business Benefits of Trade Facilitation" OECD Report TD/TC/WP(2002)21/FINAL, 10-Apr-2002.

¹⁹ *ibid*

the internal calculations of a Swedish multinational company which estimates the cost of internal administration per Letter of Credit is about USD 16 (SEK 115) for intra-EU trade and about USD 473 (SEK 3500) for trade with a third country²⁰. This illustrates how much transaction costs can be lowered by removing red tape and modernizing customs and other clearance procedures.

There is always going to be a cost related to trade procedures. The question is how high does it have to be. In 1999 the Swedish Customs conducted a survey among Swedish companies and found that the cost of complying with customs procedures amounted to SEK 2,5 billion. Customs administration for compliance cost the government SEK 600 million. A rough estimation of the total compliance cost is thus SEK 3.1 billion or USD 313 million²¹. As the value of Sweden's import and export amounted to about USD 156 billion²², customs compliance cost represented 0.2 percent of the total trade value. Although customs compliance is not the only cost related to trade procedures and although Swedish customs is still working on improving its procedures, it will never be possible to eliminate all compliance costs without giving up national sovereignty.

An interesting approach to calculating the indirect cost of red tape is to estimate the cost of time delays incurred in international trade. By comparing the relative pay-off between air and ocean shipping cost and speed for a variety of products and destinations, a recent paper entitled "Time as a trade barrier"²³ concludes that the willingness by shippers to pay more for air transport in order to have quicker deliveries suggest that each day saved in shipping is worth 0.8 percent of the value of manufactured goods. This "delay cost" applies equally whether a goods is in transit or whether it is delayed in ports or at border crossings for whatever reason.

Time delays in ports and at border crossings in developing countries are substantial. A recent World Bank publication reported evidence on typical border waiting times for 80 countries and found the averages of typical time needed for release of imported cargo ranged from 1 to 24 days²⁴. Assuming similar waiting times at the export side, the range doubles to 2 to 48 days. As only 6 of the 80 countries in the survey had average waiting times of 16 or more days, one can estimate the indirect cost incurred by delays as ranging from 1 to 15 percent of the traded goods' value, using a conservative figure of 0.5 percent of the value per day²⁵. The longest delays are found in the countries with the lowest GDP per capita.

Estimating the Benefits from Trade Facilitation

The 1971 NCITD report discussed above made 28 recommendations for improving international trade procedures, many of which are still valid today, but it made no efforts to estimate the

²⁰ "Trade Facilitation - Impact and Potential Gains", SWEPRO Stockholm August 2002 - 1 USD=7.40 SEK

²¹ *ibid*, page 24

²² World Development Reports 2000/2001 and 2002 - World Bank. The reports gives trade numbers for 1998 and 2000 and ESCWA calculated the average as an approximation for 1999.

²³ "Time as a trade barrier", David Hummels, Purdue University, July 2001 - available at <http://www.mgmt.purdue.edu/faculty/hummelsd>

²⁴ The average border waiting times were obtained by excluding survey responses that reported waiting times of more than 90 days.

²⁵ World Business Environment Survey, World Bank (2003), quoted in "Quantitative Assessment of Benefits of Trade Facilitation" OECD Report TD/TC/WP(2003)31/FINAL, 13-Nov-2003, - Available at <http://www.oecd.org/trade>

Note: The authors of the OECD report quote the cost per day calculated by Hummels to be 0.5 percent per day and thus the range of indirect cost to be 1 to 15 percent, although Hummel himself in his paper calculates it to be 0.8 percent. We have used the number of 0.5 percent of the value of the goods per day in order to be consistent with the OECD report.

potential cost savings from trade facilitation.

The 1994 UNCTAD Ministerial Declaration declared *“Estimates place the costs of trade transactions at 7 to 10 per cent of the total value of world trade. We believe that promotion and implementation of these (trade efficiency) measures by all will contribute to greater participation in world trade, thus allowing the creation of new international trade flows. Trade efficiency measures would also result in reduction of trade transaction costs by a quarter or by up to 100 billion dollars annually by the year 2000.”* In other words, UNCTAD estimated that savings to the tune of about 2.5 percent of world trade could be achieved through trade efficiency measures, primarily simplification of procedures and use of electronic data interchange²⁶.

Lately, several researchers have tried to estimate the benefits of trade facilitation by using sophisticated modeling methods. For example, a recent World Bank publication²⁷ constructs indexes for port efficiency, customs environment, regulatory environment and e-business usage based on survey data from the Global Competitiveness Report, the World Competitiveness Report and Transparency International Corruption Perception Index. Based on a scenario in which members of the Asia Pacific Economic Cooperation (APEC) which are below average improve capacity half-way to the average index for all members, and by using a so-called gravity model, the authors found that intra-APEC trade flows would increase by \$254 billion or 21 percent, of which about half coming from improved port efficiencies in the region. This would increase APEC average per capita GDP by 4.3 percent.

A study²⁸ carried out by the APEC Economic Committee conducted a so-called computable general equilibrium (CGE) model experiment and concluded that a 5 percent reduction in trade transaction costs would bring about a GDP growth of 0.98 percent in the APEC region. In contrast, the study found that a 50 percent lowering of existing average tariffs would “only” bring about a GDP growth of 0.58 percent, thus demonstrating that facilitation alone brings greater economic benefits than further lowering of tariffs alone. On the other hand, the study found that lowering transaction cost by 5 percent and tariffs by 50 percents would bring about a GDP growth of 1.75 percent, demonstrating that there is a definite synergy between trade facilitation and liberalization.

The OECD has undertaken a study on the benefits of trade facilitation²⁹ using the Global Trade Analysis Project³⁰, which is also a CGE model. A number of scenarios were evaluated based on the observations that indirect and direct trade transaction costs show similar range of magnitude, i.e. from 1 to 15 percent of the value of trade goods; that trade transaction costs vary considerably across countries; that trade facilitation measures will tend to result in larger reductions in transaction costs in countries where the latter are currently higher than those that are already closer to best practices; that trade transaction costs are higher for agricultural products than for manufactured goods; and that small and medium sized companies are confronted with higher transaction costs than larger companies.

In summary, the OECD study concluded that the world income gain from a 1 percent reduction in trade transaction cost would amount to about USD 40 billion with no losers. Experiments with

²⁶ In 1994 world trade was about

²⁷ “Trade Facilitation and Economic Development: Measuring the Impact” by Wilson, Mann and Otsuki, World Bank Research Working Paper 2988, March 2003.

²⁸ “The Benefits of Trade and Investment Liberalization and Facilitation”, APEC Economic Committee, October 2001

²⁹ “Quantitative Assessment of Benefits of Trade Facilitation” OECD Report TD/TC/WP(2003)31/FINAL, 13-Nov-2003

³⁰ See <http://www.gtap.agecon.purdue.edu/default.asp>

the model suggest that increased global benefit gains from facilitation would be roughly proportional to the size of the cuts in transaction costs.

Implications for ESCWA member countries

Although many countries in the ESCWA region have undertaken customs reforms and implemented other steps to modernize their trading systems, on the whole trade in and with the region is still characterized by red tape and inefficiency. This was documented in a recent ESCWA study³¹, the conclusions of which are summarized in box 1 below

Box 1 - Trade facilitation issues in the ESCWA region

A recent study by ESCWA identified many trade inefficiencies, some of which are listed below:

- Information regarding rules and regulations is often lacking and users are not informed about amendments in a timely fashion;
- Procedures often involve many direct dealings between clients and employees of government agencies, thus presenting opportunities for corrupt practices;
- Lack of qualified and motivated manpower results in many mistakes and slow action;
- Lack of information sharing and coordinated action among the parties involved in the clearing process lead to costly delays even when individual agencies have efficient internal procedures;
- The clearing of goods through ports and Customs involve, on average, 40 steps and require 20 signatures, many of which have no clear logical purpose;
- Many government agencies make rules and regulations regarding international trade and transport, often with no consideration to the effect on the users;
- Customs authorities on the two sides of border crossings do not coordinate their operations;
- Working hours by ports and Customs authorities are often unsuitable to commercial operations;
- Legal obligations and/or lack of risk management procedures result in a high percentage of consignments requiring physical inspections. This means that most if not all containers must be unloaded for inspection of the cargo. This is inefficient, costly and time consuming, results in damage, loss and pilfering, and leads to crowded and poorly utilized infrastructure; and
- Few ESCWA countries have joined international convention related to the facilitation of trade and transport, or do not abide by those they have signed

More specifically, the number of days to import goods to Egypt range from 1 to 30 with an average of 7 according to the World Bank Business Environment Survey³² while the International Exhibition Logistics Association (IELA) states that 12 days to 2 weeks are required to clear customs for sea cargo and 4 to 6 days for air cargo in Egypt³³. The same World Bank source gives a range of 1 to 90 days to import goods to the West Bank and Gaza with an average of 10. For Lebanon the IELA states that clearance require 7 days for sea cargo and 5 days for air cargo. (These are the only generally available data for clearance time in the ESCWA region)

Lebanese Customs keeps statistics on the time it takes to clear goods at the Port of Beirut and reports that while it on average took 6.25 days in November 1997, when the statistics started, it “only” took 3.2 days in April 2003. This is a 50 percent improvement, but still far short of the

³¹ “The Facilitation of International Cargo Transport in the ESCWA Region” (in Arabic) ESCWA Report E/ESCWA/TRANS/2000/ 4, March 2001.

³² See http://www.worldbank.org/privatesector/ic/ic_ica_resources.htm

³³ See http://www.iela.org/inhalt/fr_custom.html

clearing time achieved by modern customs administration, such as the US and Canada³⁴, where clearance time frequently is measured in minutes or hours if documents are submitted electronically. It is possible that other ESCWA Customs administrations also keep statistics on clearance time, but if that is the case it is unfortunately not made available to users on the Internet.

The ESCWA region cannot achieve regional integration without reducing red tape at border crossings between member countries, and the region will not be in a position to benefit fully from globalization and membership in the WTO without reducing procedural trade barriers with the outside world.

A first step should be to start recording and measuring the time it takes to clear goods at key border crossings and make the result available to users. It has often been said that you cannot manage what you cannot measure. Measuring the time delay at border crossings is necessary in order to know the magnitude of the problem. In addition it will make it possible to set targets and document improvements when reforms are initiated. It is important to make the information available to users for the sake of transparency.

The WCO has prepared a useful manual entitled “Guide to Measure the Time Required for the Release of Goods”³⁵. However, the methodology developed by the Trade and Transport Facilitation in Southeast Europe Project (TTFSE)³⁶ for measuring performance and waiting times at border crossing is even more interesting as it has actually been tested and successfully applied within the region of Southeast Europe. This project is therefore of particular interest to ESCWA member countries as it could be a model for a trade facilitation reform program in the region.

The TTFSE project is a regional initiative, which aims to reduce non-tariff costs to trade and transport and reduce smuggling and corruption at border crossings. It is conceived as near-simultaneous country operations to be implemented in the participating countries over a period of three to four years, although it is expected that the reform process may take up to ten years.

Box 2 - Trade and Transport Facilitation in Southeast Europe Project (TTFSE)

The TTFSE project consists of the following components: Customs reform; trade facilitation development; support to integrated Customs information systems; improvement of roads and border crossing facilities; and program and project implementation. In each country, the project supports Customs reform; strengthens mechanisms of interaction and cooperation between border control agencies and the trading community; strengthens dissemination of information and provide training to the private sector; and finances infrastructure improvements and equipment at selected border crossings.

The reform process is based on a test-bed approach, which means that new ways of operating will be tried, tested, validated and, if necessary, adjusted in a limited number of pilot sites, before being introduced at all sites. This will require the active participation of the staff at operational and middle management levels, which it is hoped will encourage local initiative through ownership of the pilot site projects. At the pilot sites the project will finance the implementation of an integrated set of new Customs procedures, information technology systems, human resource management techniques, supporting infrastructure, and cooperation mechanisms for agencies at border crossings.

The program is the result of a collaborative effort between the national governments in the region, the World Bank, the United States and the European Union. The participating countries include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Romania and the Federal Republic of Yugoslavia. In each of the eight countries there is a PRO committee which participates in and contributes to the project through working groups that analyze issues related to trade and transport facilitation in its respective country, propose solutions and monitor the implementation. At the regional level there is an association of national PRO committees, SECIPRO³⁷, which supports the TTFSE program. In particular, it is expected that SECIPRO will be involved in the project components that extend beyond the eight countries involved in the current program,

³⁴ Up-to-date border waiting times are given on the following US and Canadian websites:

<http://forms.customs.gov/nemo/bordertimes/bordertimes.asp> and <http://www.ccra-adrc.gc.ca/customs/general/times/menu-e.html>

³⁵ See http://www.wcoomd.org/ie/En/Topics_Issues/topics_issues.html

³⁶ <http://www.seerecon.org/RegionalInitiatives/TTFSE/>

³⁷ <http://www.unece.org/secipro/secipro.htm> and http://www.unece.org/seci/borders/border_h.htm

among others.

The total cost of the program is estimated at USD 125 million of which the recipient governments will finance about 25 percent, the rest being loans, credits and grants from the World Bank and the US government. The design of the TTFSE program has taken into account lessons learned from previous projects which have addressed border crossing problems and which have concluded that in order to lessen transaction costs, border crossing investments need to be supplemented by: (i) reliable traffic data; (ii) accurate information on waiting times; (iii) adequate remedial actions on both sides of a border crossing; (iv) attention to multi-agency needs; (v) linkage to national transport policies; and (viii) coordination and simplification of Customs procedures and removal of state controls on international trade..

An important aspect of the TTFSE program is that all the participating countries have agreed to meet negotiated performance targets, both in terms of border and clearance operations, and development objectives. A methodology was developed to enable monthly monitoring of border crossing times and related activities, such as rate of physical examinations and the number of times irregularities were detected as a result of these examinations. The same approach was used for inland terminals. The local border officials carry out data collection for a period of 72 hours once every month at different periods of the week, thus ensuring a reliable statistical sample. This process has been sufficiently refined to ensure consistency across the region, and has provided the basis for an international measurement tool, which was subsequently used in the Southern Caucasus, and will soon be introduced in Russia³⁸. In particular, all countries involved agreed to measure performance indicators of two types:

- Data of the **performance and efficiency of customs administrations** in Southeast Europe since 1999; and
- Data on the **border crossing times and clearance times**, as experienced by users at the TTFSE pilot sites.

As shown in the table below, a sharp improvement in performance was found at six pilot sites after the first year of operation (2001). Procedural changes have resulted in 31 to 88 percent reduction in waiting time for trucks at border crossings³⁹.

Table 1 - Border waiting times and reductions from the TTFSE project

Country	Pilot site	Waiting time 2001	Waiting time 2002	Reduction (%)	Final target
Albania	Tirana	4.5 hours	1.7 hours	62%	1 hour
Bulgaria	Plovdiv	3.7 hours	1.5 hours	60%	< 1 hour
Croatia	Jankomir	5.3 hours	3.0 hours	43%	< 1 hour
Croatia	Stara Gradiska	3.3 hours	0.4 hours	88%	< 1 hour
Romania	Bacau	3.0 hours	1.4 hours	53%	1 hour
Romania	Constanta	4.3 hours	3.0 hours	31%	2 hours
	Average	4.0 hours	1.8 hours		

In addition to waiting and clearance times, the TTFSE performance indicators include the following measurements:

1. Revenue collected / staff
2. Trade volume / staff
3. Total customs cost / revenue collected
4. Salaries / revenue collected
5. Declarations / staff
6. Cost per declaration

The TTFSE performance indicators for the years 1999 to 2002 are shown in annex 1.

³⁸ TTFSE Progress Report 2002, available at <http://www.seerecon.org/RegionalInitiatives/TTFSE/TTFSE-ProgressReport2002.pdf>

³⁹ ibid - pg. 5

The scope of the TTFSE project, both in terms of funds to be invested (USD 125 million) and the estimated time required for the reform process (up to ten years), illustrates the complexity of trade efficiency reforms.

Conclusions

The saying “one cannot manage what one cannot measure” is an old truth in management practice, which very much applies to trade facilitation. Trade with and within the ESCWA region is hampered by cumbersome procedures, which hinders regional integration and prevents member countries from benefiting from globalization.

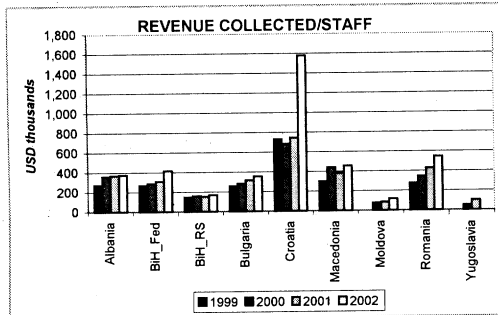
In order to measure the magnitude of the problem and establish a baseline from which to measure progress, it is strongly recommended that ESCWA member countries initiate programs for measuring waiting and clearance times at border crossings and in ports and apply performance measures for customs performance in accordance with the methodology that has been elaborated and the experiences gained from the World Bank Trade and Transport Facilitation in Southeast Europe project.

TTFSE Facilitation Performance Indicators

Annex 1

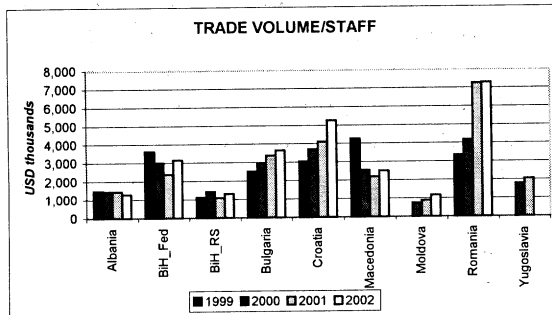
1. Revenue collected / Staff ('000 USD)

	1999	2000	2001	2002
Albania	270	358	368	375
BiH_Fed	265	284	305	414
BiH_RS	145	159	152	169
Bulgaria	257	283	315	355
Croatia	731	684	746	1,577
Macedonia	297	442	381	456
Moldova		76	86	117
Romania	276	346	429	545
Yugoslavia		50	100	



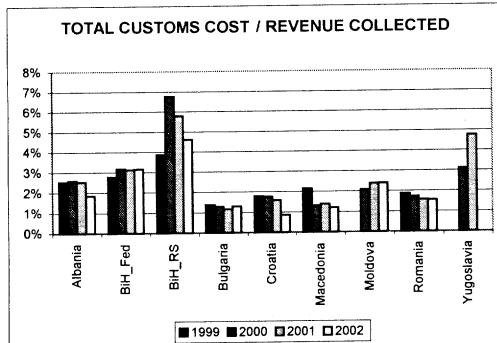
2. Trade volume / Staff ('000 USD)

	1999	2000	2001	2002
Albania	1,471	1,448	1,446	1,285
BiH_Fed	3,626	3,007	2,368	3,161
BiH_RS	1,117	1,422	1,091	1,302
Bulgaria	2,508	2,952	3,365	3,651
Croatia	3,030	3,707	4,101	5,255
Macedonia	4,266	2,554	2,199	2,507
Moldova	-	748	884	1,170
Romania	3,340	4,178	7,242	7,289
Yugoslavia	-	1,788	2,059	



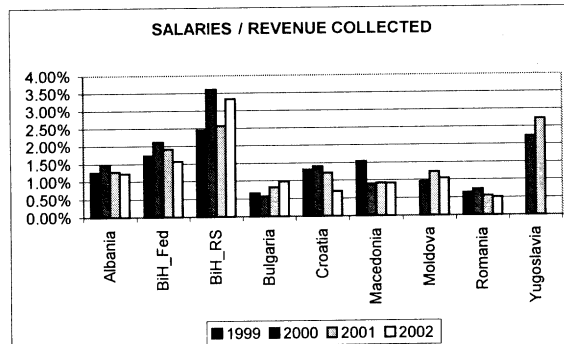
3. Total Customs cost / Revenue collected

	1999	2000	2001	2002
Albania	2.52%	2.59%	2.52%	1.85%
BiH_Fed	3.17%	3.17%	3.12%	3.15%
BiH_RS	3.86%	6.76%	5.79%	4.62%
Bulgaria	1.37%	1.28%	1.17%	1.30%
Croatia	1.78%	1.76%	1.59%	0.85%
Macedonia	2.16%	1.31%	1.39%	1.20%
Moldova		2.09%	2.39%	2.41%
Romania	1.86%	1.72%	1.58%	1.56%
Yugoslavia		3.10%	4.76%	



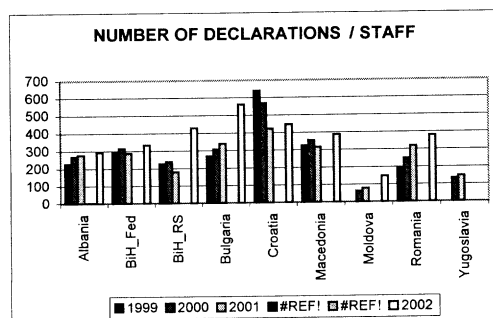
4. Salaries / Revenue collected

	1999	2000	2001	2002
Albania	1.26%	1.46%	1.28%	1.22%
BiH_Fed	1.73%	2.12%	1.91%	1.56%
BiH_RS	2.45%	3.61%	2.57%	3.33%
Bulgaria	0.66%	0.56%	0.82%	0.98%
Croatia	1.31%	1.40%	1.22%	0.70%
Macedonia	1.54%	0.90%	0.92%	0.92%
Moldova		0.95%	1.23%	1.05%
Romania	0.63%	0.73%	0.54%	0.51%
Yugoslavia		2.23%	2.73%	



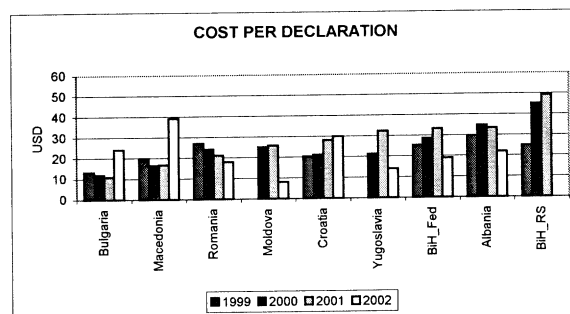
5. Declarations / Staff

	1999	2000	2001	2002
Albania	229	267	278	293
BiH_Fed	292	315	287	334
BiH_RS	225	238	179	429
Bulgaria	267	306	339	561
Croatia	639	569	422	447
Macedonia	324	353	317	387
Moldova		63	80	147
Romania	190	248	320	379
Yugoslavia		133	148	



6. Cost per declaration (US\$)

	1999	2000	2001	2002
Bulgaria	13.22	11.83	10.88	24
Macedonia	19.82	16.44	16.75	39
Romania	26.98	23.98	21.09	18
Moldova		25.04	25.69	8
Croatia	20.35	21.11	28.06	30
Yugoslavia		21.23	32.23	14
BiH_Fed	25.24	28.59	33.21	19
Albania	29.72	34.66	33.40	22
BiH_RS	24.83	45.18	49.28	



INFORMATION REQUIREMENTS BY THE PORT OF AQABA, JORDAN:

(The following information is taken verbatim from the Port of Aqaba website⁴⁰)

Vessels must supply the following information to the (A.P.C. Aqaba Port Corporation):

- Name of vessel;
- Nationality;
- Agent's name;
- Overall length;
- Maximum draft;
- Gross and net tonnages;
- Type of cargo destined for Aqaba;
- Any special characteristics of the vessel.
- The ship's master remains solely responsible for any damage to the ship or to shore installation and equipment during berthing operations. The pilot's role is advisory only.

DOCUMENTATION

The following documentation is required:

- two freighted manifests stating all details;
- 10 copies of the un freighted manifest stating all details except freight;
- two sets of non-negotiable bills of lading;
- nine copies of a separate manifest for Free Zone cargoes, which must be included in the general cargo manifest;
- 12 copies of a separate manifest for cargo in transit for each destination;
- two lists reefer containers giving full details of cargoes carried;
- two copies of the heavy lifts list.
- Two lists of dangerous and hazardous cargo lists showing IMO class and UN number must be sent at least 48 hours prior to the vessel's arrival.

At least three copies of the master stowage plan and hatch lists must be received at least 48 hours prior to the vessel's arrival. This helps the Ports Corporation to plan.

Manifests must be stamped and signed by the agent at the port of loading. Documents must go to the agent's head office in Amman, not to Aqaba .

Manifests must show the weight, dimensions and other measurements of the cargo. Weight must be shown in kilograms.

Manifests must be received in Aqaba least 48 hours before the arrival of the vessel, or a set must be delivered to the agent by the ship's master.

Should this to be done, a customs fine of up to JD200 (US \$282) will be imposed and permission to discharge denied.

- **FREE PRATIQUE:-**

The following documents are required:

- seven copies of the crew list;
- seven copies of the passenger list;

⁴⁰ <http://www.nis.gov.jo/portscorp/doc1.html>

- two copies of the stores list;
- one copy of the crew declaration list;
- one copy of the vaccination list.

The agent must provide:

- two copies of the maritime declaration form;
- one copy of the customs declaration form;
- two copies of the vessel's specification form.
- One copy of the pilotage form.

The following documents should be available for checking:

- the log book (retained by the port authorities during the vessel's stay);
- the tonnage certificate (also retained);
- the ship's registry certificate (also retained);
- the de-rating certificate.

For Comparison: IMO Convention on Facilitation of International Maritime Traffic (FAL Convention)

Documents on arrival:

2.10 Standard. In respect of a ship's arrival in port, public authorities shall not require more than:

- 5 copies of the General Declaration
- 4 copies of the Cargo Declaration
- 4 copies of the Ship's Stores Declaration
- 2 copies of the Crew's Effects Declaration
- 4 copies of the Crew List
- 4 copies of the Passenger List
- 1 copy of the Maritime Declaration of Health

Documents on departure

2.11 Standard. In respect of a ship's departure from port, public authorities shall not require more than:

- 5 copies of the General Declaration
- 4 copies of the Cargo Declaration
- 3 copies of the Ship's Stores Declaration
- 2 copies of the Crew List
- 2 copies of the Passenger List

ESCWA contracting parties to the FAL Convention:

Egypt
Iraq
Jordan
Syrian Arab Republic
Yemen

