

National Workshop on Advancing Trade Facilitation

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Trade Facilitation in Asia and the Pacific: Where does Cambodia stand?

A regional perspective

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Presentation Outline

- Trade Facilitation (and importance)
- Trade Facilitation in Asia-Pacific
- Where does Cambodia stand? Indications from available global TF performance benchmarks
- Concluding remarks

Trade Facilitation (TF)?

- “The plumbing of international trade” (Staples, 1998)
- “The simplification and harmonization of international trade procedures.”, where trade procedures are the “activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade.”
(based on WTO documents)
- **“Any measure, or set of measures, that aims to increase the cost-effectiveness of international trade transactions”.**



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Trade facilitation essential to trade competitiveness

- Lower transaction costs
 - Lower costs related to preparation, submission and approval of documents; lower cost of clearance and transportation of goods
- Reduce average transaction time
 - Less waiting time at borders, faster clearance and transportation → reduced financing, risk of spoilage...
- Increased timeliness
 - Transparent and predictable procedures → facilitation of just-in-time delivery
- Compliance with security initiatives in major export markets

How important are Trade Facilitation (TF) Measures for Trade?

- TF matters more than Tariffs for trade
 - particularly for trade with developed countries
- Consistently strong evidence that trade facilitation matters
 - No. of import or export documents, cost of moving goods from factory to ship deck, customs efficiency
 - Port infrastructure, internet/IT services infrastructure
 - Transport and Logistics services/competition
 - Note: General Business/Investment environment regulations also matter
 - Contract enforcement procedures , ease of getting credit, ease of starting a business, bankruptcy law...



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Trade Facilitation in Asia and the Pacific

Big progress made in reducing time and cost of import and export

- -4 days since 2006...
- It now “only” takes 30 days!

● BUT

- “Group of 7” also achieved -4 days since 2006...
- G-7 export time is now at 10 days!
- ASEAN countries as a group clearly stand out in the region
 - -6 days since 2006
 - ... ASEAN-5 still takes about 15 days!

Trade Facilitation and Logistics Performance

Logistics Performance Index (LPI) 2010 Ranks*

TOP 10 COUNTRIES UPPER MIDDLE INCOME

Country	LPI Rank
South Africa	28
Malaysia	29
Poland	30
Lebanon	33
Latvia	37
Turkey	39
Brazil	41
Lithuania	45
Argentina	48
Chile	49

TOP 10 COUNTRIES LOWER MIDDLE INCOME

Country	LPI Rank
China	27
Thailand	35
Philippines	44
India	47
Tunisia	61
Honduras	70
Ecuador	71
Indonesia	75
Paraguay	76
Syrian Arab Republic	80

TOP 10 COUNTRIES LOW INCOME

Country	LPI Rank
Vietnam	53
Senegal	58
Uganda	66
Uzbekistan	68
Benin	69
Bangladesh	79
Congo, Dem. Rep.	85
Madagascar	88
Kyrgyz Republic	91
Tanzania	95

Trade Facilitation Reforms (2008-2009)

- The number of *Trading Across Border* (TF) reforms has continued to grow*
- 3 of the 38 new TF reforms are in Asia-Pacific*
 - Bangladesh (EDI system)
 - China (Document requirements reduced)
 - Viet Nam (increased competition in logistics sector, customs admin. reform) → -2 days in export time
- China and Thailand identified as major reformers in TF and Logistics**

Presentation Outline

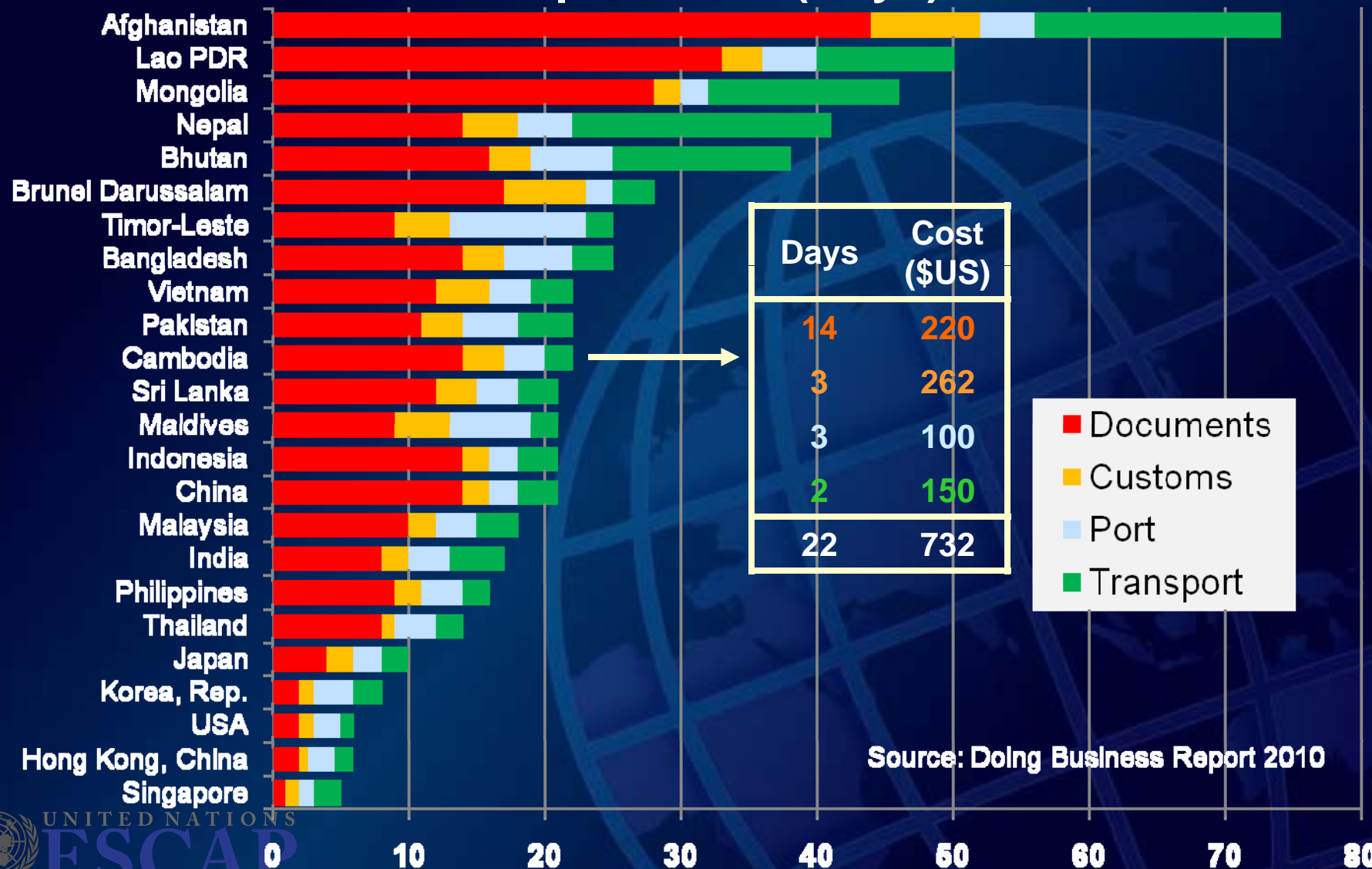
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Where does Cambodia Stand in Asia-Pacific?

- Two main sources of cross-country TF indicators
 - Doing Business Reports (World Bank)
 - “Trading Across Borders” indicators (Number of documents, time and cost of import and export)
 - Logistics Performance Index (LPI) Reports (World Bank)
 - Perception of logistics professionals on various aspects of trade facilitation and logistics in countries where they do business (efficiency of procedures, infrastructure quality, logistic services)

Where does Cambodia Stand? (1)

Export Time (Days)

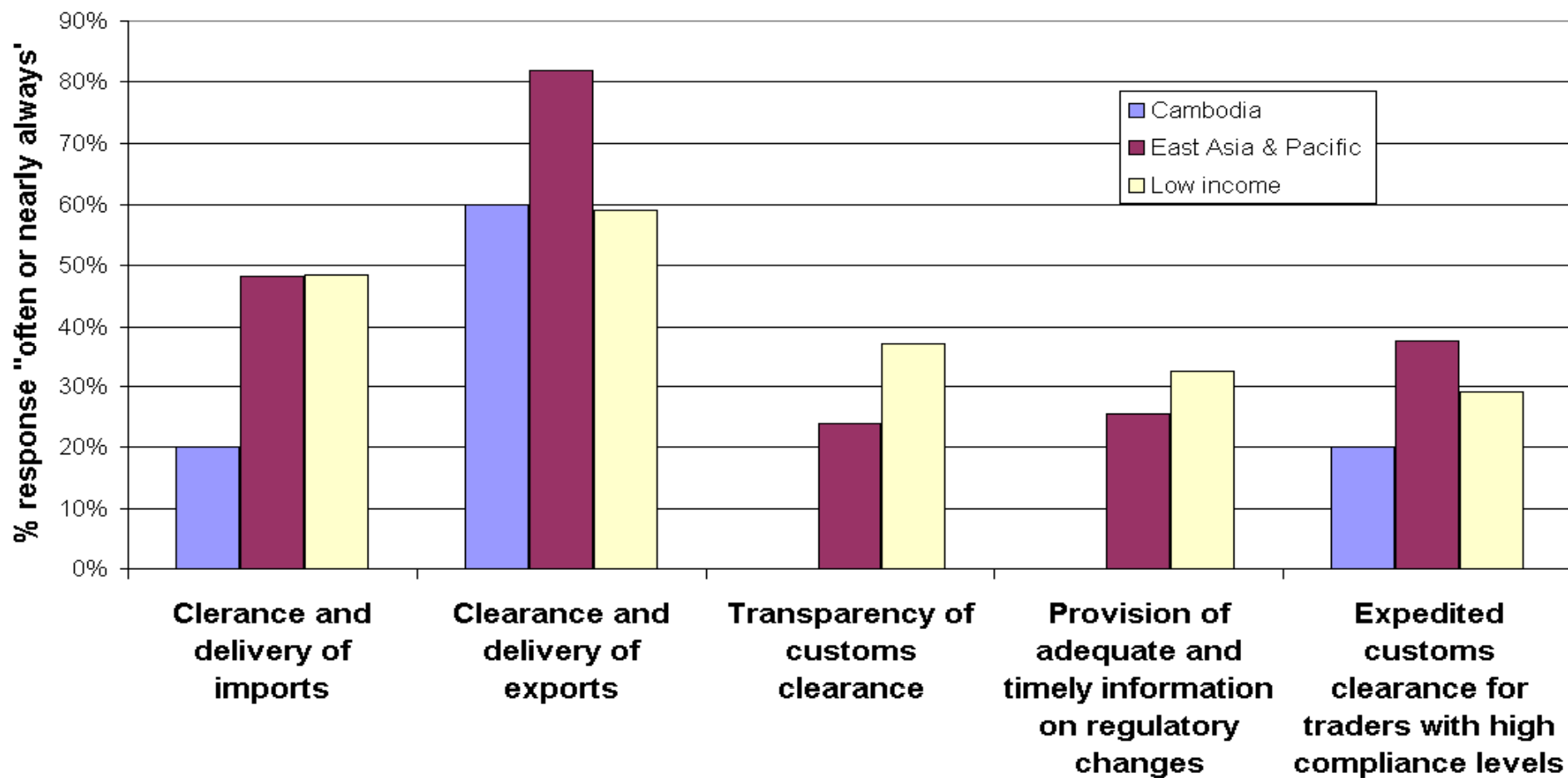


Source: Doing Business Report 2010

TF & Logistics Performance - Cambodia

Efficiency of Processes

Efficiency of Processes

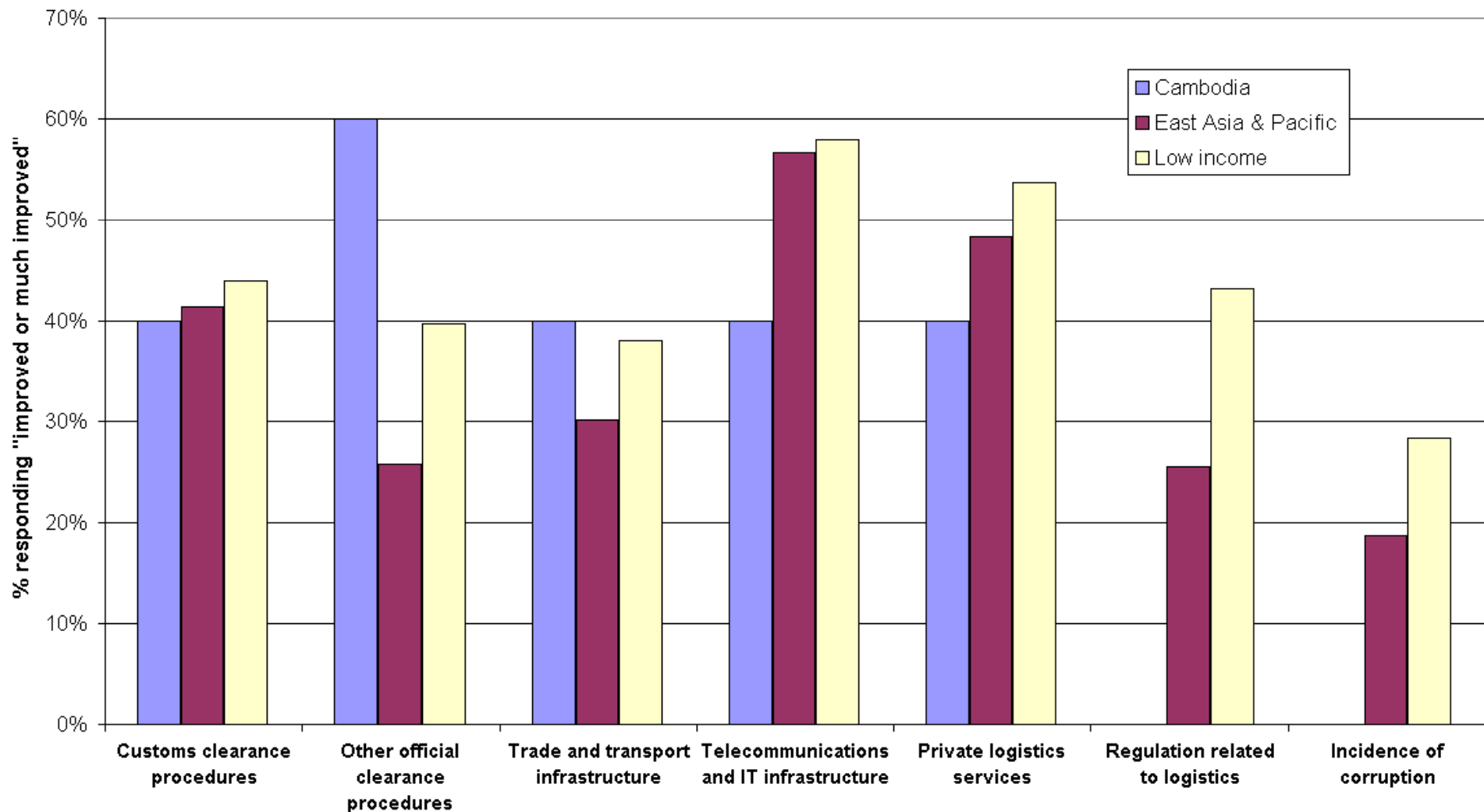


Trade Logistics and Facilitation in Cambodia

	Cambodia	East Asia & Pacific	Low income
Clearance time with physical inspection (days)	5.92	3.36	4.09
Clearance time without physical inspection (days)	1.39	1.55	2.61
Physical inspection (%)	28.96	24.92	38.83
Multiple inspection (%)	10.54	10.1	12.26
Lead time export for port/airport, median case (days)	1.32	3.58	5.83
Lead time import for port/airport, median case (days)	4	4.93	6.38
Number of agencies - exports	6	4.06	4.19
Number of agencies - imports	6.5	4.12	4.5
Typical charge for a 40-foot export container or a semi-trailer (US\$)	1,000.00	521.18	2,025.34
Typical charge for a 40-foot import container or a semi-trailer (US\$)	2,924.02	890.54	1,177.04

Trade Logistics and Facilitation in Cambodia

Change in Trade Facilitation & Logistics Environment since 2005



A note on the Data presented

- Cross-country TF indicators have limitations...
 - Simplifying assumptions affecting accuracy (DB)
 - Perceptions may not fully reflect reality and respondents may not always be representative of stakeholders (LPI)
- ... But important to be aware and keep track of them
 - Likely to influence decisions by foreign investors and businesses
 - [in terms of trade competitiveness], what matters most is that a country improves *relative* to others

Concluding Remarks (1)

- Cambodia has made progress but...
- There is room for improvement in all areas of TF
 - Clear need to further improve trade procedures
- Starting points for further progress:
 - Deep understanding of existing procedures
 - Establish or Improve TF performance indicators at the national level

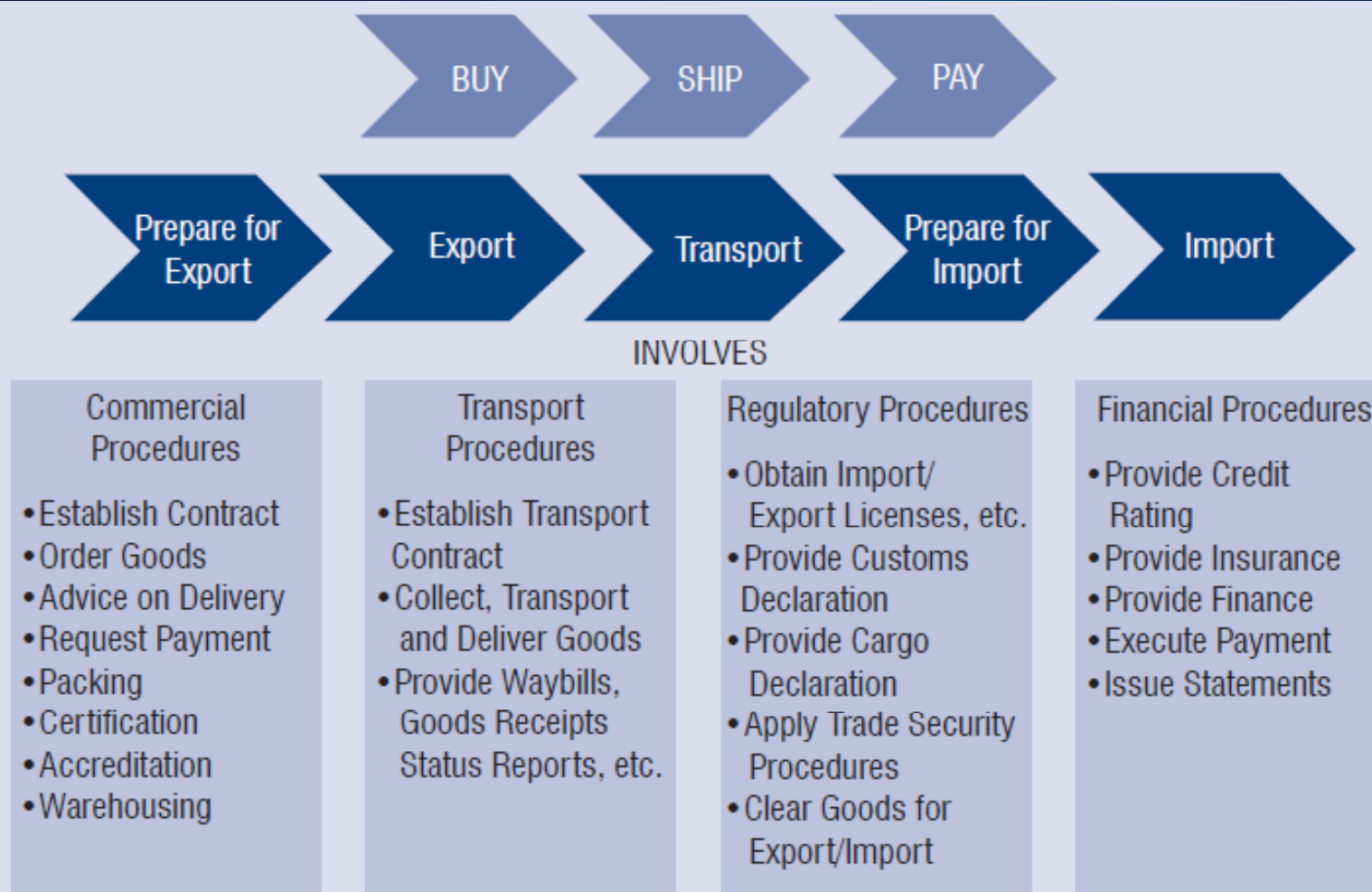
Concluding Remarks (2)

- Lessons learned to be kept in mind for advancing TF:
 - High-level leadership & commitment
 - [institutionalization of] Inter-agency coordination & private sector consultations on TF
 - International standards & recommendations
- Cambodia is in one of the most progressive world's region in terms of TF
 - Taking part fully in the regional initiatives can accelerate Cambodia's progress (e.g., ASEAN Single Window initiative)

ANNEX 1

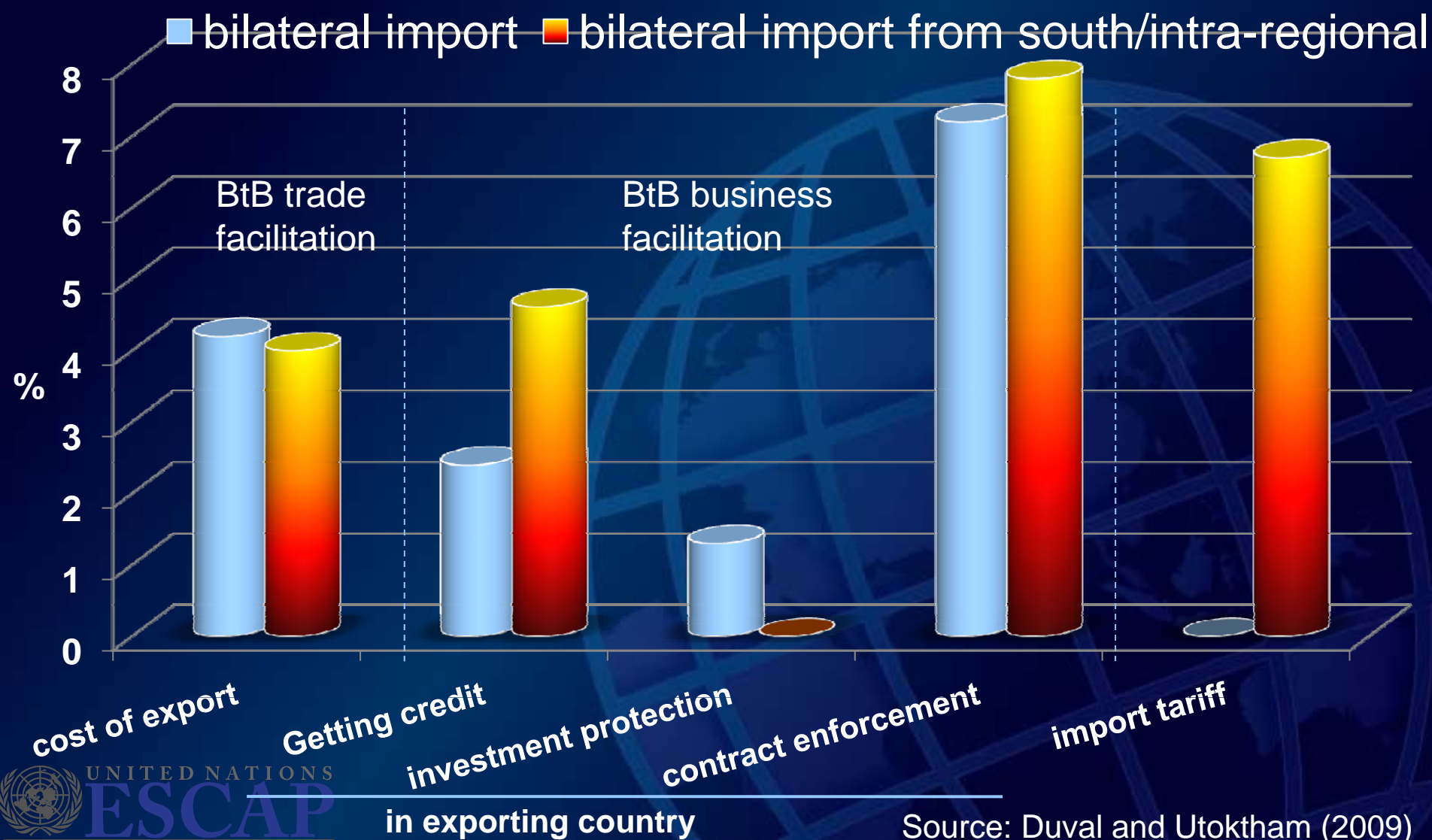
Trade Facilitation and Importance

Trade Transactions: Buy-Ship-Pay Model



Source: United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). 2008.

Impact on Trade of a 5% Improvement in selected areas



Annex 2

Doing Business and “Trading Across Border” Cambodia data

DB 2010 – TF Data for Cambodia

Trading Across Borders in Cambodia

Nature of Export Procedures	Duration	US\$ Cost
Documents preparation	14	220
Customs clearance and technical control	3	262
Ports and terminal handling	3	100
Inland transportation and handling	2	150
Totals:	22	732

Export documents

Bill of lading
 Cargo release order
 Certificate of origin
 Commercial invoice
 Customs export declaration
 Export permit
 Inspection report
 Insurance certificate
 Packing list
 Tax certificate
 Terminal handling receipts

Nature of Import Procedures	Duration	US\$ Cost
Documents preparation	19	210
Customs clearance and technical control	3	265
Ports and terminal handling	5	217
Inland transportation and handling	3	180
Totals:	30	872

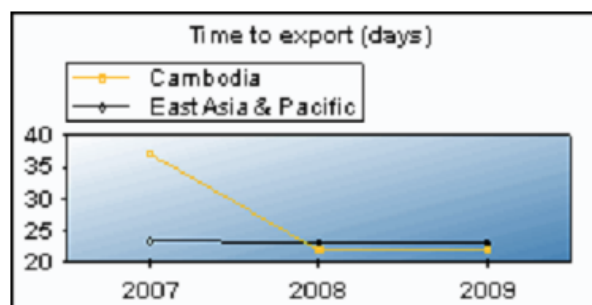
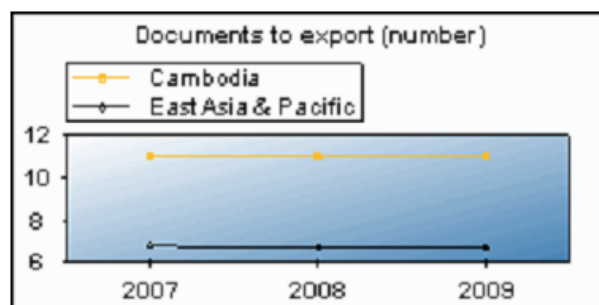
Import documents

Bill of lading
 Cargo release order
 Certificate of origin
 Commercial invoice
 Customs import declaration
 Insurance certificate
 Import license
 Inspection report
 Packing list
 Tax certificate
 Terminal handling receipts

1. Historical data: Trading Across Borders in Cambodia

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	124	127
Cost to export (US\$ per container)	722	732	732
Cost to import (US\$ per container)	852	872	872
Documents to export (number)	11	11	11
Documents to import (number)	11	11	11
Time to export (days)	37	22	22
Time to import (days)	46	30	30

2. The following graphs illustrates the Trading Across Borders indicators in Cambodia over the past 3 years:



Annex 3

Logistics Performance Index and Cambodia Data



What are efficient logistics?

The LPI measures six dimensions of country performance:

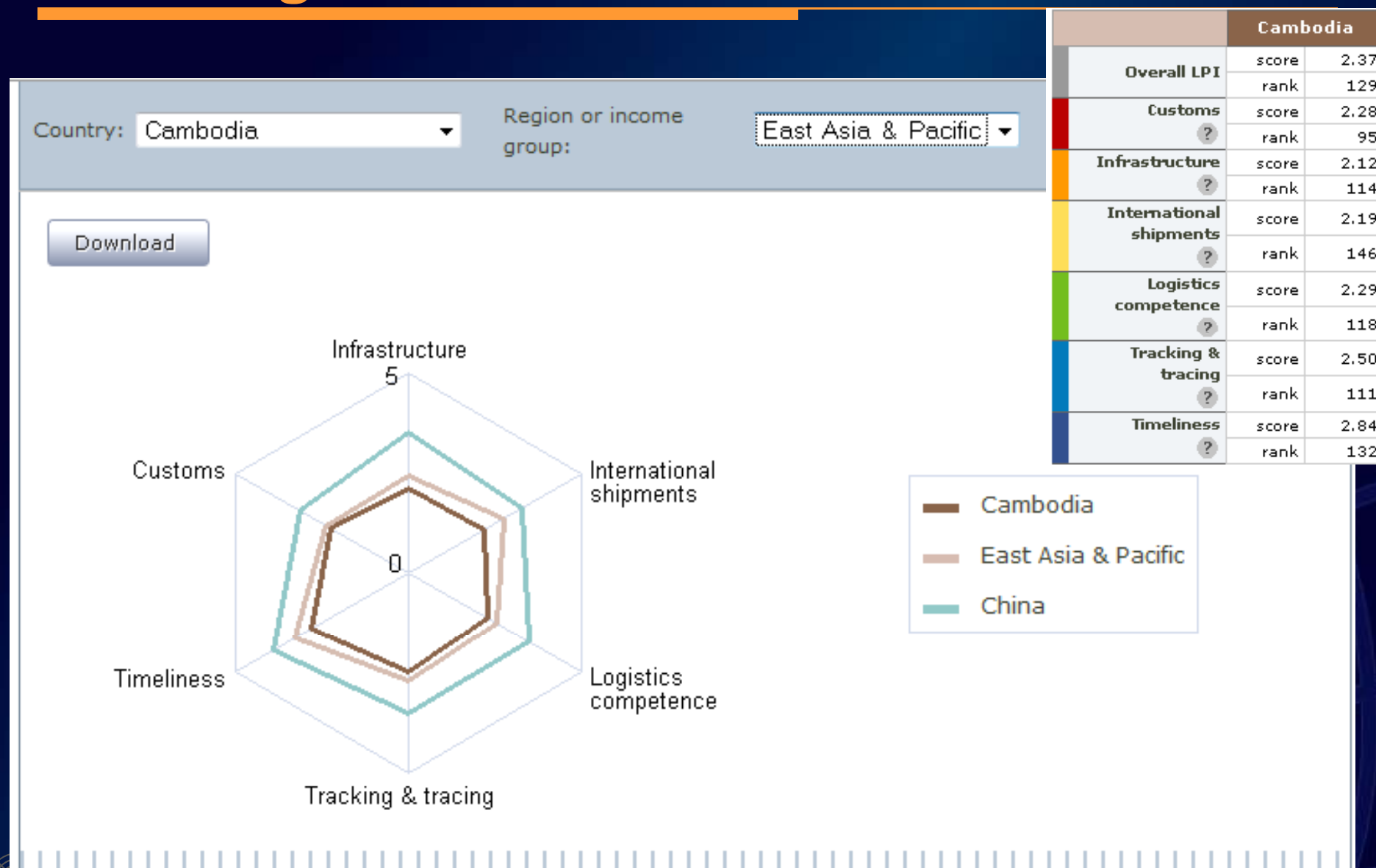
- Efficiency of the clearance process
- Quality of trade and transport infrastructure
- Ease of arranging competitively priced shipments
- Logistics competence and quality of logistics services
- Ability to track and trace consignments
- Timeliness of shipment delivery

Source: World Bank

LPI Respondents Demographics

- ➡ Nearly 1,000 logistics professionals from international logistics companies in 130 countries
- ➡ 55 percent of the respondents are located in middle-income (45%) and low-income (10%) countries
- ➡ Large corporations account for 45% of the responses: multinational freight forwarders (34%) and global express carriers (11%).
- ➡ Survey responses come from senior executives (35%), area or country managers (25%) and department managers (24%).
- ➡ The majority are located in country branch offices (39%) or corporate or regional headquarters (36%).
- ➡ 54% of the respondents typically provide all or most logistics services. Others provide full-container or full-trailer load transport (15%) or customer-tailored logistics solutions (12%).
- ➡ 50% typically deal with multimodal transport, maritime (19%) or air (12%).
- ➡ Half of respondents usually oversee both domestic and int'l operations.
- ➡ Almost 40% works in most of the regions. Others are mainly involved with operations in Europe (21%), Asia (19%) and the Americas (13%).

Trade Logistics and Facilitation in Cambodia



TF & Logistics Performance - Cambodia

Fees and Charges

Level of Fees and Charges			
Based on your experience in international logistics, please select the options that best describe the operational logistics environment in your country of work	Percent of respondents answering <i>high/very high</i>		
	Cambodia	East Asia & Pacific	Low income
Port charges are	80%	61.38%	50.57%
Airport charges are	60%	55.05%	46.65%
Road transport rates are	60%	42.01%	46.75%
Rail transport rates are	50%	52.08%	27.70%
Warehousing/transloading charges are	60%	49.44%	37.12%
Agent fees are	40%	47.51%	22.74%

Trade Logistics and Facilitation in Cambodia

Competence and Quality of Services

Evaluate the competence and quality of service delivered by the following in your country of work	Percent of respondents answering high/very high		
	Cambodia	East Asia & Pacific	Low income
Road	0%	10.82%	21.47%
Rail	0%	1.59%	1.68%
Air transport	0%	33.25%	32.24%
Maritime transport	0%	15.45%	35.30%
Warehousing/transloading and distribution	0%	16.75%	12.84%
Freight forwarders	20%	37.51%	39.20%
Customs agencies	0%	4.84%	24.78%
Quality/standards inspection agencies	20%	16.77%	15.26%
Health/SPS agencies	0%	3.44%	13.06%
Customs brokers	0%	22.72%	21.66%
Trade and transport associations	0%	19.58%	18.07%
Consignees or shippers	0%	21.80%	22.07%

Trade Logistics and Facilitation in Cambodia

Quality of Infrastructure

Evaluate the quality of trade and transport related infrastructure (e.g. ports, roads, airports, information technology) in your country of work	Percent of respondents answering <i>low/very low</i>		
	Cambodia	East Asia & Pacific	Low income
Ports	40%	36.85%	12.02%
Airports	40%	42.01%	14.88%
Roads	40%	50.57%	16.28%
Rail	80%	68.70%	1.67%
Warehousing/transloading facilities	40%	48.89%	12.14%
Telecommunications and IT	60%	41.50%	34.70%

Trade Logistics and Facilitation in Cambodia

Sources of Major Delays

Sources of Major Delays			
How often in your country of work, you experience	Percent of respondents answering <i>often or nearly always</i>		
	Cambodia	East Asia & Pacific	Low income
Compulsory warehousing/transloading	50%	15.19%	41.48%
Pre-shipment inspection	50%	29.95%	33.86%
Maritime transshipment	25%	27.44%	27.82%
Criminal activities (e.g., stolen cargo)	25%	11.11%	19.66%
Solicitation of informal payments	25%	41.30%	39.27%

Time and Cost Indicators

