

A World Bank Group Flagship Report



# Doing Business 2018

Trading across Borders  
Pakistan



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*Doing Business*

May 8, 2018

- I. Why does it matter?**
- II. What does it measure – and what does it not?
- III. What are the main findings in DB2018?
- IV. Trading across Borders in Pakistan**



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# Why does trade facilitation matter?

## Simplification and harmonization of international trade procedures (WTO 1998)

- Access to **international markets**: economies of scale
- Economic **growth** – poverty reduction
- Participation in **global supply chains**
- Transfer of **know-how**
- Positive **impact of single windows** and digitalization on growth and increasing trade flows

## Administrative and regulatory trade frameworks

- Required for **safety** and **consumer protection** but vary in efficiency from economy to economy

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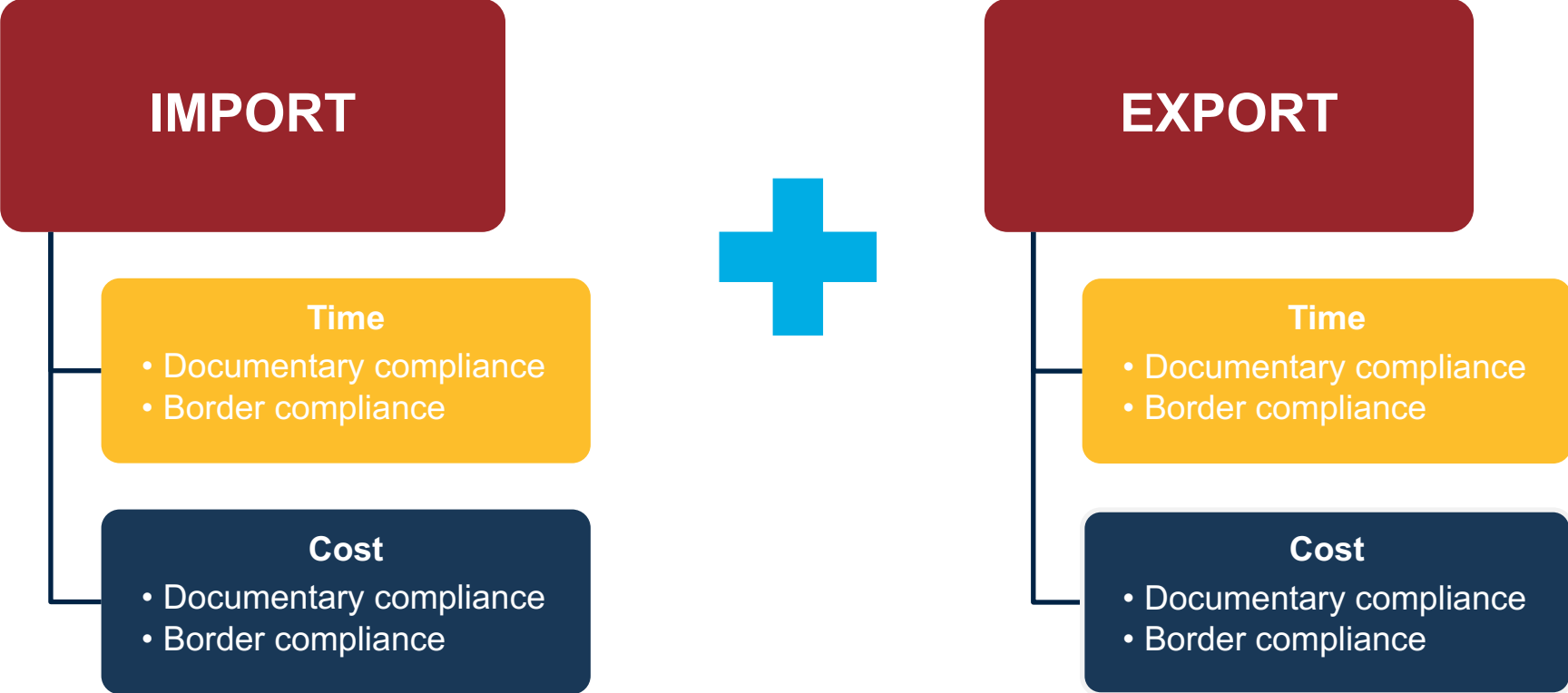
# What are the case study assumptions?

## Two case studies with particular assumptions

	EXPORT	IMPORT
Product	<p><b>Comparative advantage of each economy</b> as determined by data on value of exports</p>	<p>HS 8708: auto parts for <b>all economies</b></p>
Shipment	<p>15 metric tons shipment</p>	<p>15 metric tons <b>containerized</b> shipment</p>
Partner	<p>The main trading partner of the economy for the chosen product as determined by <b>data on value of exports and imports</b></p>	
Route and mode of transport	<p>Based on trade patterns of the selected product (<b>maritime, land</b>).</p>	

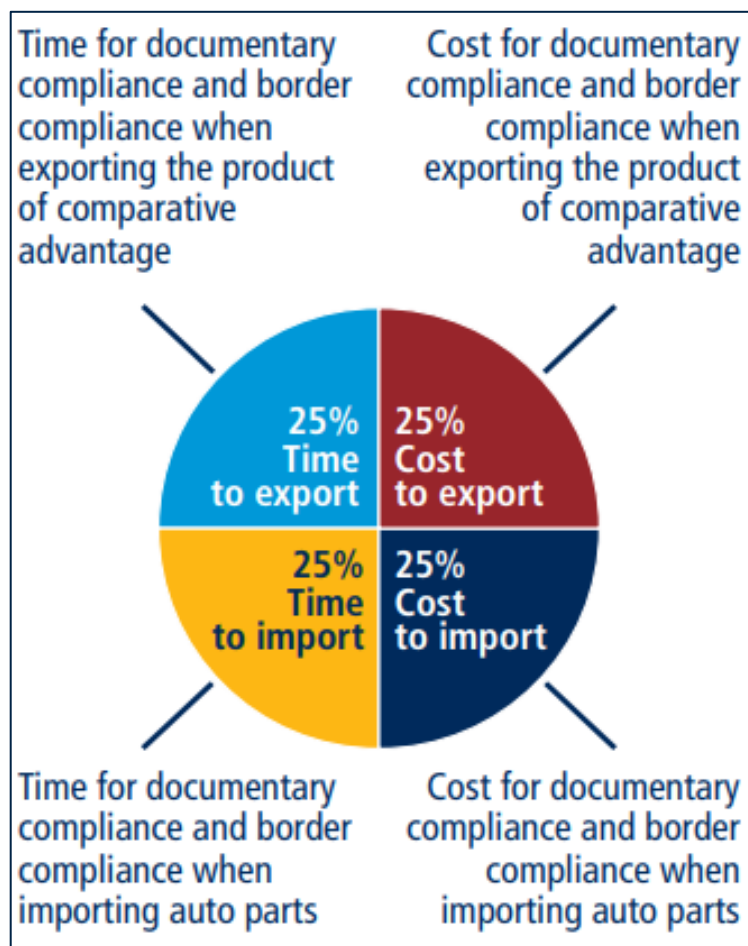
# What does Trading across Borders **measure**?

**Time and cost** of export and import processes



# What goes into the Trading across Borders ranking?

**Simultaneity of processes** is taken into account while measuring time.



Trading across Borders also measures the **time** and **cost** associated **with domestic transport**. However, this dimension is **not used to compute the ranking**.

# What goes into Border Compliance?

## Customs procedures

- **Customs** clearance and inspections;
- Customs **broker costs** and **fees**.

## Non-Customs procedures

- Inspections by **other agencies**, including phytosanitary and security inspections.

## Port/Border procedures

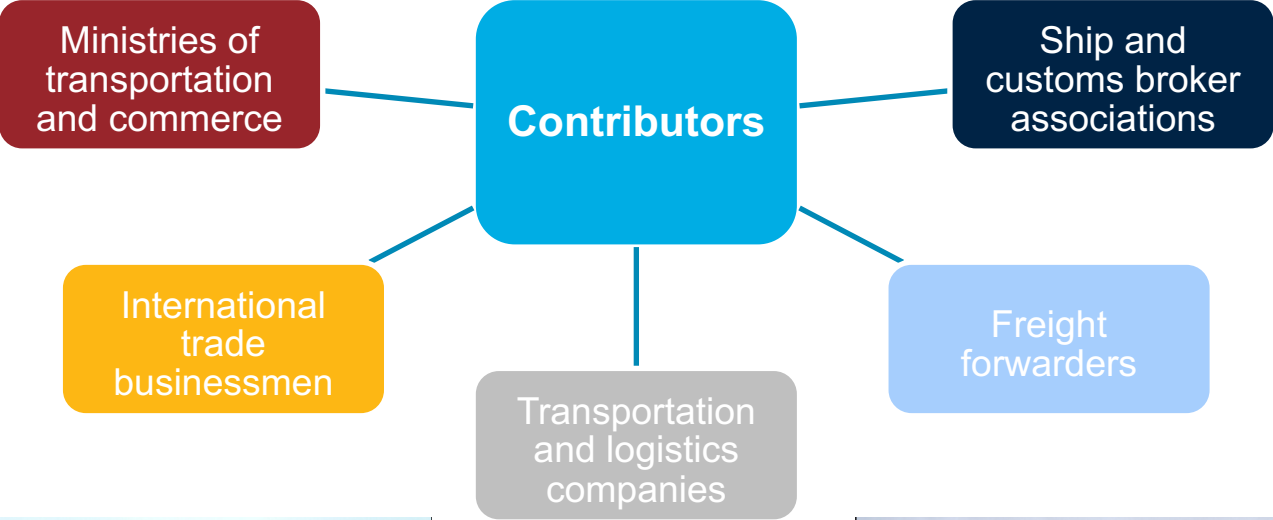
- **Cut-off** time;
- Time to **queue** at the entrance of the port/border;
- **Handling** at the port/border.







# Who are the Trading across Borders contributors?



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# Where is it easy to trade in 2016/17?

## Top performers



Austria



Denmark



Spain



Sweden



Armenia



Korea, Rep.



Singapore



United States



El Salvador

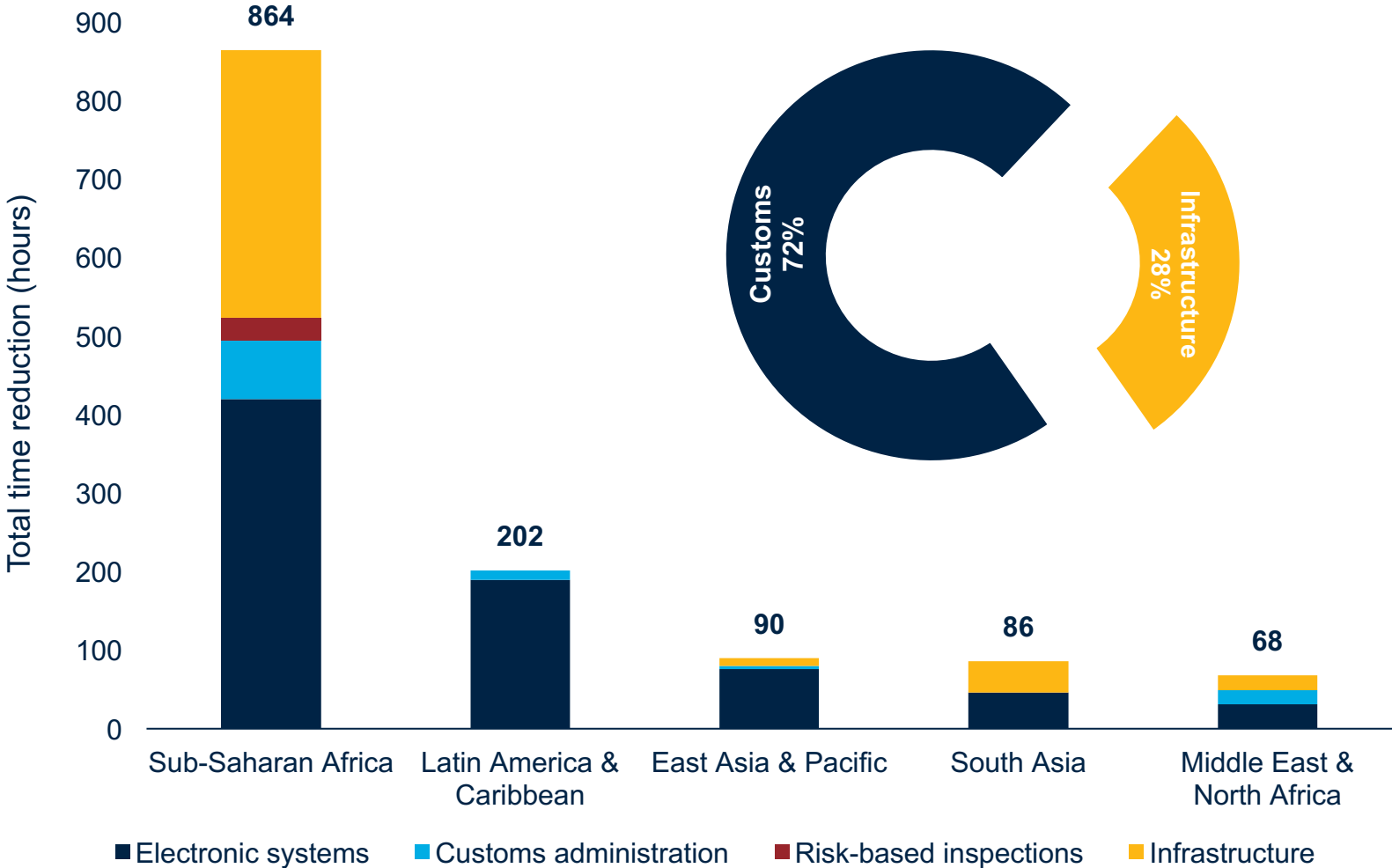


Jordan

## Global good practices

- ✓ Members of **customs unions** or **trade agreements**.
- ✓ **Paper-free electronic** submission and processing for customs clearance.
- ✓ **Pre-arrival** submission of customs declaration and manifest.
- ✓ **Less than 10% of containers** are physically controlled, using risk based inspection systems.
- ✓ **Single Window** for obtaining trade documents and approvals.
- ✓ Efficient ports **infrastructure**.

# Reforms affecting customs, especially regarding **electronic systems**, produce the highest time savings across regions in 2016/17



Source: Doing Business 2018.

# What are the global good practices?

## Electronic submission and processing

Electronic systems for **exchanging** customs information (e.g. ASYCUDA).

Saves **time** and **money**.

## Linking agencies through Single Windows

**Electronically linking** all trade actors.

Both at the **national** (e.g. Korea) and **regional level** (e.g. ASEAN).

## Upgrading trade logistics infrastructure

**Improve efficiency** of processes.

**Increase trade** flows.

# What are the global good practices?

## Risk-based inspections

Inspections are often **necessary**.

However, **risk profiles** allows inspections to correspond to the **potential risk** of consignments.

## Regional cooperation

**Border cooperation** agreements.

**Customs Unions** (e.g. European Union).

## Sparking competition

Greater competition can lead to lower **fees** and higher **quality** of service

# Good practices to follow: UNI-PASS in Korea

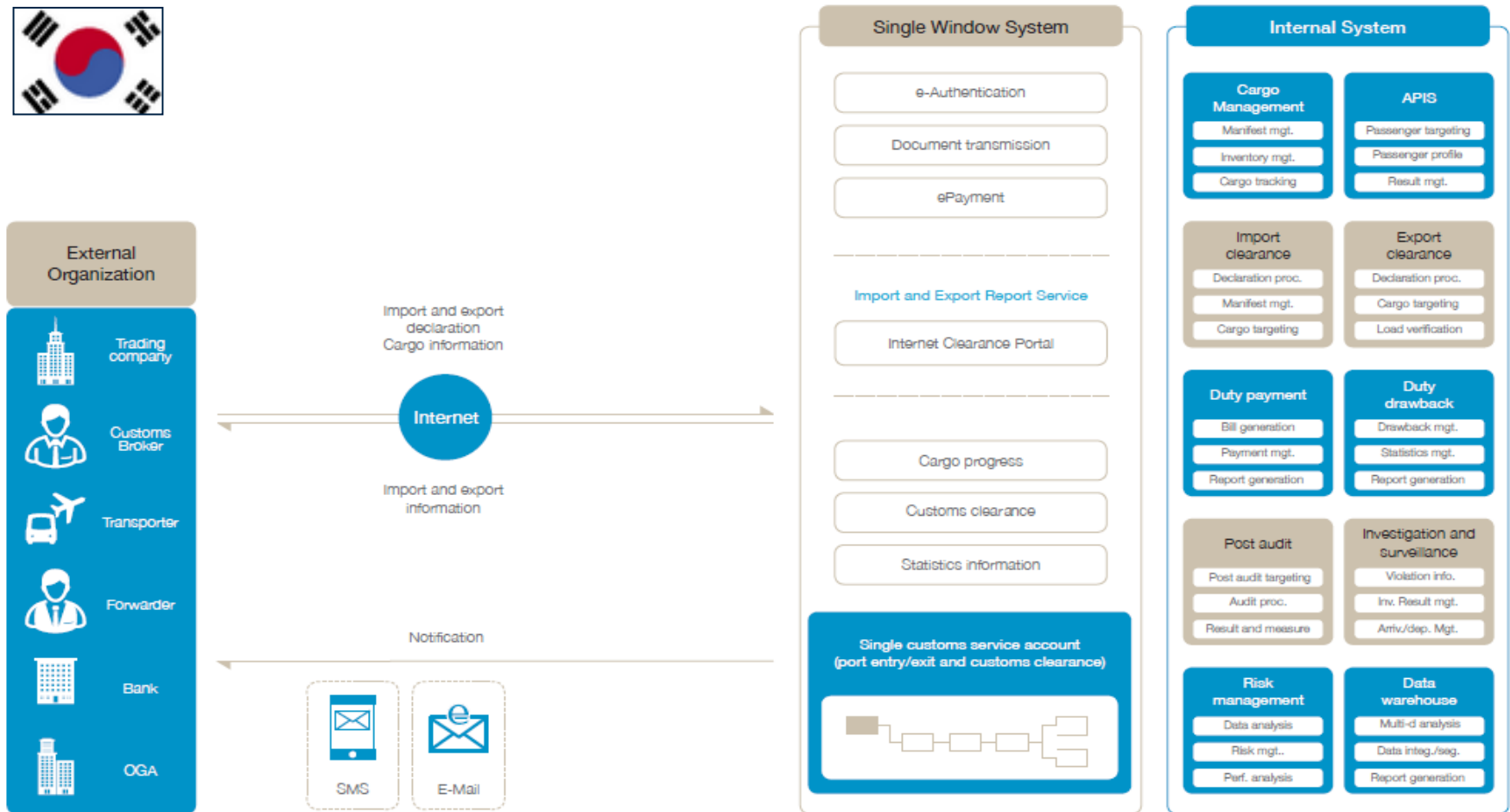


국가(통화)	수출	수입
미국(USD)	1,155.98	1,178.53
일본(JPY)	10.1805	10.3799
유럽연합(EUR)	1,241.13	1,266.02

- **Online submission** of the customs declaration and all relevant documents
- Almost entirely **virtual processes** with less than 1 % exceptions when physical examination might be needed
- **Free** of charge



# UNI-PASS provides a **single entry portal** for the user to log-in and process all customs procedures in **one-stop service**.



# Reforms making it easier to trade across borders in 2016/17

Reform	Economies	Examples
<b>Introduced or improved electronic submission and processing of documents for exports</b>	Bolivia; Botswana; Brazil; Brunei Darussalam; Cabo Verde; Comoros; Malawi; Mauritius; Oman; Pakistan; Sierra Leone; Sri Lanka; St. Kitts and Nevis; Swaziland; Taiwan, China; Uganda; Vietnam; Zambia	Bolivia upgraded its customs automated system called SUMA and reduced documentary compliance time to export. Zambia <b>expanded its customs management system nationwide</b> , allowing electronic payments. Taiwan, China made trading across borders easier by enabling different associations to <b>issue certificates of origin electronically</b> .
<b>Introduced or improved electronic submission and processing of documents for imports</b>	Bolivia; Brazil; Brunei Darussalam; Cabo Verde; Comoros; Indonesia; Jamaica; Kenya; Malawi; Mauritius; Oman; Pakistan; Sri Lanka; Swaziland; Vietnam; Zambia	Due to the improvement of their <b>customs electronic platforms</b> , Cabo Verde and Kenya reduced 24 hours each for import documentary compliance. Brazil made trading across borders faster by enhancing its electronic system which integrated customs, tax authorities and administration agencies, <b>reducing import documentary compliance time</b> by 72 hours.
<b>Strengthened transport or port infrastructure for exports</b>	Angola; India; Malaysia; Mauritania; Mauritius; Mozambique; Pakistan; Qatar; Russia; Singapore; Uganda	Angola <b>rehabilitated the Port of Luanda</b> , improving the handling processed and reducing the time of border compliance. Uganda made trading across borders faster by developing the Malaba <b>One-Stop Border Post</b> . The Russian Federation opened a new deep water port on the coast of the Gulf of Finland, which increased competition and <b>reduced the cost of border compliance</b> at the Port of Saint-Petersburg.
<b>Strengthened transport or port infrastructure for import</b>	Angola; India; Malaysia; Mauritania; Mauritius; Pakistan; Qatar; Russia; Singapore	Qatar made trading across borders easier by inaugurating the <b>new Hamad Port</b> . Expansion of the existing ports in Singapore and Malaysia <b>improved the terminal handling process</b> .
<b>Facilitated customs administration for exports and imports</b>	Botswana; Brunei Darussalam; El Salvador; Ethiopia; India; Mauritania; Mauritius; São Tomé e Príncipe; Saudi Arabia; Sierra Leone; Vietnam	El Salvador increased the number of customs officers for clearance and inspections, which reduced border compliance time. Mauritius decreased the <b>number of intrusive inspections</b> , which reduced the time of border compliance for both exports and imports by 10 hours. Saudi Arabia <b>streamlined documentary compliance</b> by reducing the number of documents required for customs clearance.

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# Karachi: Export Case Study & Results

Product	HS 52 : CottonCotton, Including Yarn And Woven Fabric Thereof
Shipment	15 metric tons shipment
Partner	China
Route	Qasim Port 

- Bill of lading

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- Packing list

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- Certificate of origin

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- Inspection report

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- Insurance certificate

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- Export General Manifest (EGM)

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- E Form (with Commercial Bank)

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- Customs Export Declaration

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- Price certificate

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- Phytosanitary certificate

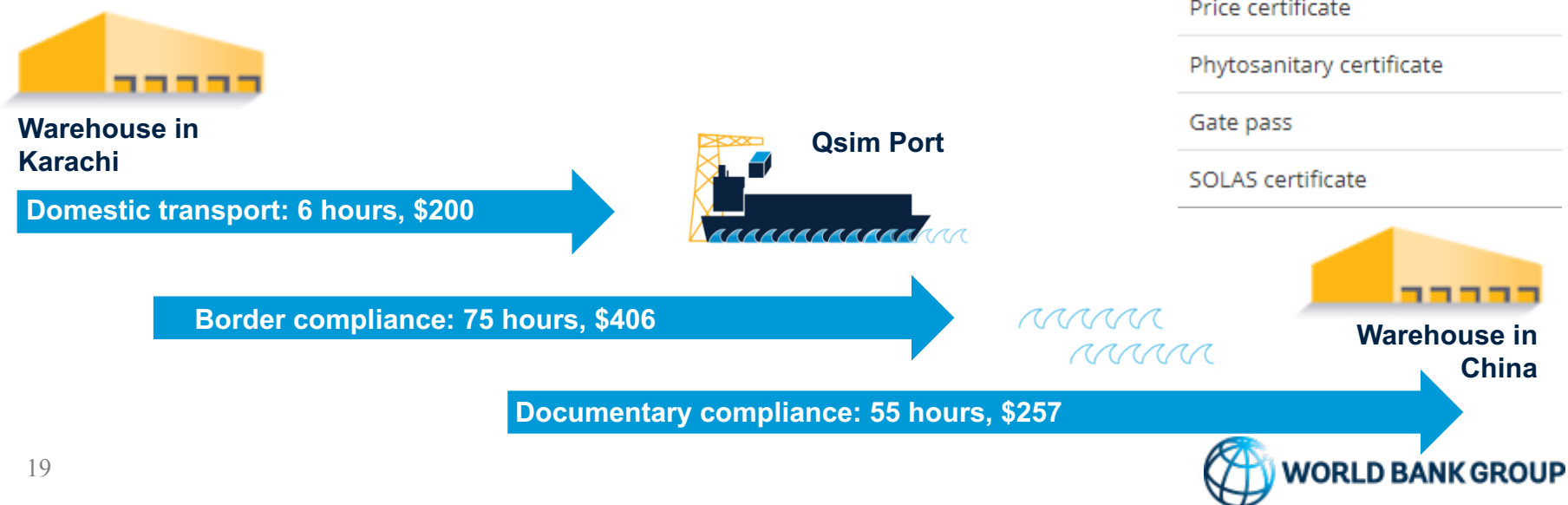
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- Gate pass

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- SOLAS certificate

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# Karachi: Import Case Study & Results

Bill of lading

Packing list

Certificate of origin

Pre-shipment inspection certificate

Technical standards certificate

Form I

Import general manifest

Import declaration

SOLAS certificate

Product	HS 8708: Parts and accessories of motor vehicles
Shipment	15 metric tons containerized shipment
Partner	Thailand 
Route	Qasim port



Warehouse in Thailand

Documentary compliance: 143 hours, \$735

Border compliance: 129 hours, \$937

Domestic transport: 4 hours, \$200

Warehouse in Karachi



Klang port

# Pakistan: Components of Border Compliance



Trading across  
Borders

Export Border  
Compliance

75 h

406 USD

Import Border  
Compliance

129 h

937 USD

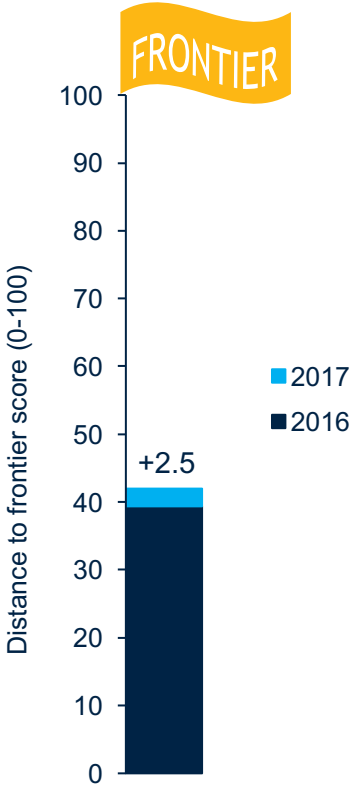
	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	30.9	150.0
Export: Clearance and inspections required by agencies other than customs	24.0	100.0
Export: Port or border handling	75.0	156.0
Import: Clearance and inspections required by customs authorities	34.0	285.7
Import: Clearance and inspections required by agencies other than customs	89.6	342.9
Import: Port or border handling	120.0	308.0

# Trading across Borders 2018 reform in Pakistan

Since 2016, Pakistan has been introducing improvements to its Web-Based One Customs Platform.

Specifically, since June 2016, traders are able to fill-in electronically Form-E and Form-I - i.e. required documents to export and import. This has resulted in a decrease in the time and cost for documentary compliance since traders no longer need to pay third parties to go in person to deal with customs processes.

Additionally, due to increased competition from a newly developed deep-water container terminal at the Port of Karachi, border compliance costs at the Port of Qasim have decreased. This reform applies to both Karachi and Lahore.



DB2018 rank: 171

# THANK YOU!

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