

CHAPTER 10

BUSINESS PERSPECTIVES ON BOOSTING TRADE AND INVESTMENT

Contributed by the World Economic Forum

Abstract: *Business is a strong proponent of reducing frictional barriers to trade and investment. Partnership between the public and private sectors is needed to ensure that efforts in implementation address value chain needs and reach tipping points for growth. To that end, it is important to integrate the private sector at the beginning of aid-for-trade planning. Constant dialogue between government and the private sector can help adapt reforms to meet the needs of users and enhance impact. While the first priority of business is implementing the Trade Facilitation Agreement, measures to streamline border administration should not stop there. A comprehensive and co-ordinated approach beyond encouraging trade is also required. For example, enabling trade should go hand in hand with facilitating investment. This chapter addresses these issues from the business viewpoint, reviews ongoing efforts and suggests options for enhanced collaboration between business and donors in driving and implementing trade facilitation.*

INTRODUCTION

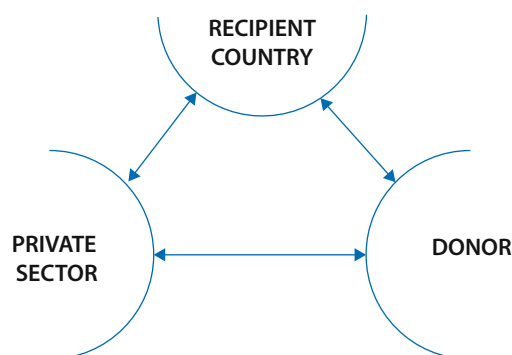
Trade facilitation enables workers and consumers around the world to access not only specific product markets but also global value chains (GVCs). In these, production processes are split into smaller tasks, allowing countries to take on previously unavailable niche roles. However, both low and high income countries have concerns about value concentration within these chains. To compete for high value-added activities and maximise the developmental value of contributing to GVCs, countries need high-quality trade facilitation and an appreciation of the strong services component of today's value chains.

Information gaps, administrative inefficiencies and infrastructural inadequacies are key barriers to enhanced participation in GVCs. Improving access to them will require not only procedural and institutional reform as well as investment in infrastructure, but also the upgrading of domestic capabilities through better information exchanges, coaching and certification.

The path to high-quality trade facilitation requires a number of steps, several of which are well under way around the world.

- Implementing the Section I articles of the Trade Facilitation Agreement (TFA) is a basic necessity. Countries should work to align with global value chain needs in prioritising domestic reforms and donor support in line with TFA Section II or broader aid-for-trade objectives. This requires a greater consideration of private-sector expertise. National trade facilitation committees should draw on industry bodies as sources of supply chain knowledge and experience. Furthermore, a greater role for private-sector value chain experience is needed within the World Trade Organization (WTO) itself to inform trade policy reviews and other exercises. This can be supplemented by deeper analytical insights from the Trade in Value-Added database.
- More ambitiously, agreement and implementation of the Doha Round, the services and information technology negotiations and, eventually, an agreement on investment, would provide multilateral or plurilateral support for high-quality trade facilitation.
- Against this background, an essential first step is to identify the most important bottlenecks to trade and supply chain connectivity (see Box 10.1, Figure 10.2); this is the aim of The Global Enabling Trade Report 2014, introduced below. Published every two years, the report informs policy-makers, partners and donors about priority areas and helps monitor progress.
- The subsequent sections highlight the private sector's role in directing support to the areas of greatest need and ensuring commercial tipping points are reached. For scale as well as implementation in the poorest countries, stronger co-operation is needed between official donor and private-sector efforts, with recipient countries always being the ultimate owners.

Figure 10.1 Public-Private Partnerships



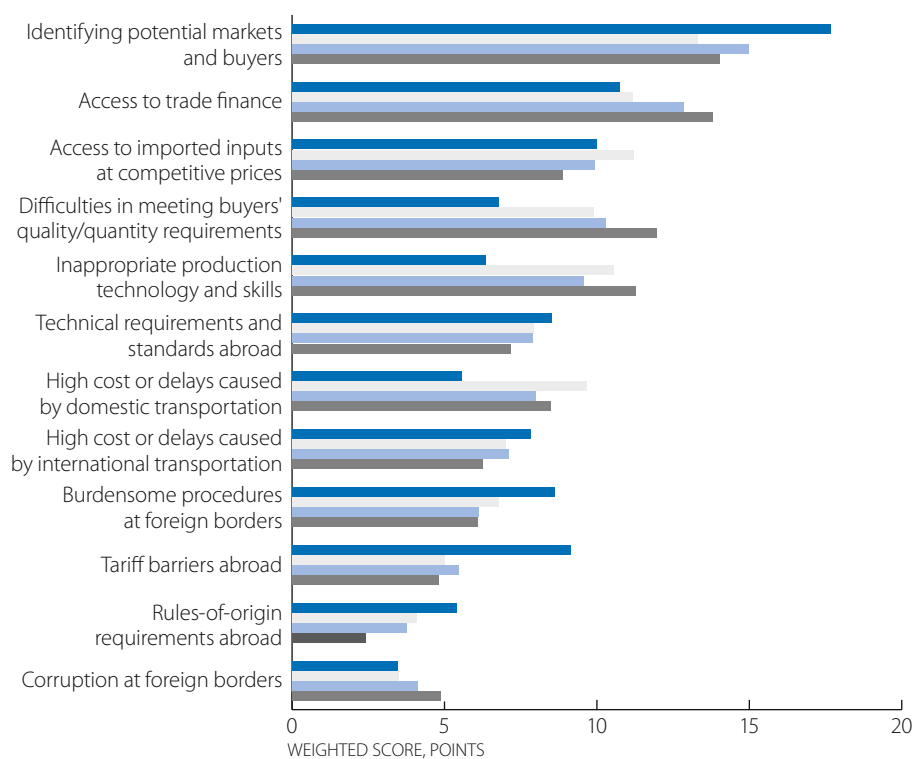
BOX 10.1 Business perspective: the most problematic factors for trade

The Executive Opinion Survey (EOS), conducted by the World Economic Forum (see also Box 10.2), sheds additional light on the obstacles businesses face at the national level when exporting and importing.

One of the survey's 140 questions asks participants to select from a list of 19 factors the five most problematic ones for their economy; the list consists of 12 factors for exporting and seven for importing. Respondents were further asked to rank the five factors from 1 (the most problematic) to 5 (the least problematic). A score was assigned for each answer based on the rank, from five points for the first-ranked factor to one point for the fifth-ranked factor. A weighted score was computed by summing the points of each factor and dividing the sum by the total points of all factors.

Figure 10.2 reports the weighted scores by income group for the factors associated with exporting and importing.* The results underline not only the importance of trade facilitation at multilateral and bilateral levels but also the potential for countries to facilitate trade through practical measures within their government's purview.

Figure 10.2 The most problematic factors for exporting and importing, by income group
Weighted scores in points, 2014

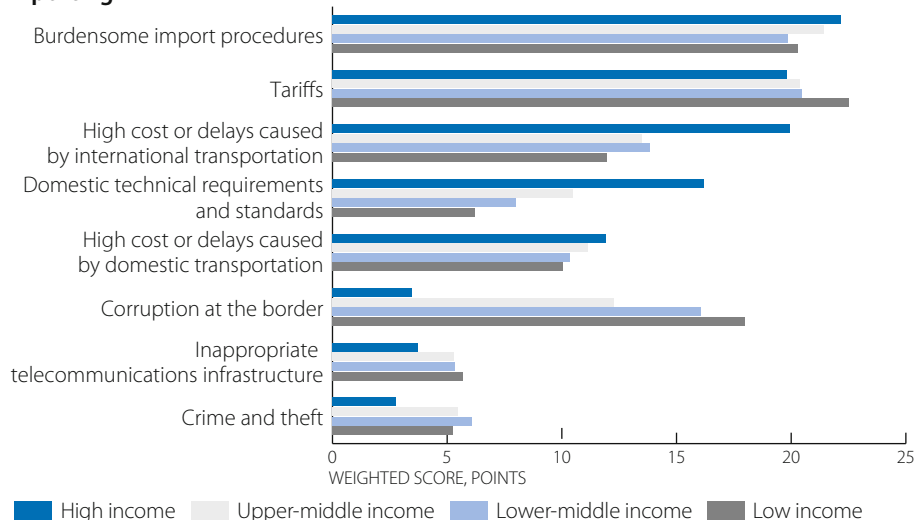
Exporting**Notes**

* Aggregate scores correspond to the average scores of each factor across all economies belonging to the income group.

Classification adapted from the World Bank's income-group classification (situation as of July 2014). Number of economies by income group: high (50), upper-middle (37), lower-middle (35) and low (21). Factors sorted in descending order according to global average.

Source: World Economic Forum, Executive Opinion Survey (2014); see Browne et al. (2014) for more detail.

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BOX 10.1 Business perspective: the most problematic factors for trade *(continued)***Importing****Notes**

* Aggregate scores correspond to the average scores of each factor across all economies belonging to the income group.

Classification adapted from the World Bank's income-group classification (situation as of July 2014). Number of economies by income group: high (50), upper-middle (37), lower-middle (35) and low (21). Factors sorted in descending order according to global average.

Source: World Economic Forum, Executive Opinion Survey (2014); see Browne et al. (2014) for more detail.

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- More generally, the trade community suffers from a schism between those involved in policy development and those in implementation and capacity building. The private sector typically has fewer isolated groups in this regard and can help bridge the two. Where trade facilitation efforts can link into a future-oriented agenda for the digital economy and services policy, among other things, the trade community's full strength can be applied to driving progress.

The Global Enabling Trade Report 2014 aims to shed light on the obstacles that businesses face in specific countries when exporting and importing.

MONITORING PROGRESS: THE ENABLING TRADE INDEX

Published initially by the World Economic Forum in 2008 and biennially since 2010, the Enabling Trade Index (ETI) is a composite indicator that assesses to what extent economies have the institutions, policies, infrastructures and services in place to facilitate the free flow of goods over borders and to their destinations.

The index covers not only factors related to market access, such as tariffs and non-tariff barriers, but also those that facilitate trade at the more practical level: more efficient border administration, better infrastructure and telecommunications and improved regulatory and security regimes that secure property rights and reduce transaction costs.

The focus on trade facilitation is particularly relevant in the wake of the WTO's Ninth Ministerial Conference held in Bali in 2013 and the decisions adopted subsequently by the General Council in November 2014. Governments, businesses and development partners have had trade facilitation high on their agendas since the Bali agreement. The heightened interest represents an opportunity for policy makers, especially in developing countries, to push through trade-enabling measures. As the conclusion of the full Doha Development Agenda remains a distant prospect, and in absence of real progress in market-access negotiations, the measures represent a way of reaping trade's important benefits.

BOX 10.2 The enabling trade index

The ETI is a compilation of individual indicators into a single index on the basis of the underlying ETI framework. Since its inception, the framework's evolution has been driven by the availability of new indicators, feedback collected over the years and evidence from theoretical and empirical literature. Results for 2010 and 2014 in this chapter have been recalculated using the same methodology (elaborated in 2014) to ensure they are fully comparable. As a diagnostic tool, the index focuses on measuring the outcome and, purposely, does not inform about potential solutions.

Figure 10.3 The Enabling Trade Index framework: by type of market, subindex and pillar



Source: World Economic Forum

The ETI framework captures the various dimensions of enabling trade, breaking them into four overall issue areas or subindices as follows:

- **Market access** – measures the extent and complexity of a country's tariff regime, as well as tariff barriers faced and preferences enjoyed by a country's exporters in foreign markets
- **Border administration** – assesses the quality, transparency and efficiency of a country's border administration
- **Infrastructure** – assesses the availability and quality of a country's transport infrastructure, associated services and communications infrastructure necessary to facilitate the movement of goods within the country and across the border
- **Operating environment** – measures the quality of key institutional factors impacting the business of importers and exporters active in a country.

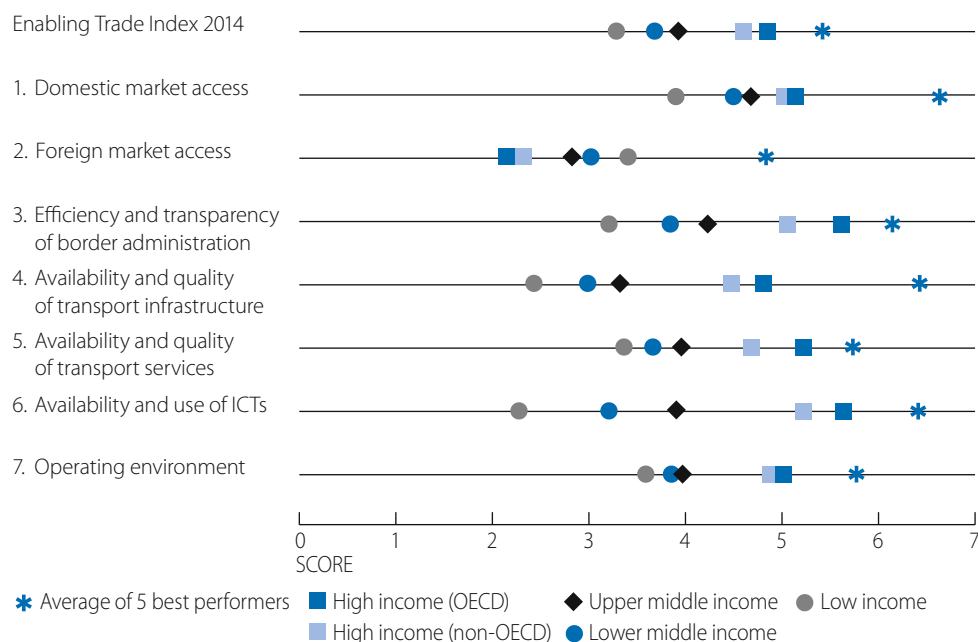
These four areas are in turn subdivided into parts, or pillars, that capture more specific aspects within their respective broad-issue areas. Each pillar is composed of a number of indicators. The ETI's 56 indicators are sourced from various organisations, several of which provided guidance and support in designing the index's framework, creating new indicators or providing privileged or advanced access to their proprietary data sets. The International Trade Centre, Global Express Association, World Bank, WTO and the United Nations Conference on Trade and Development are among the project's long-standing partners. In addition, 23 indicators, accounting for 36% of the ETI score, are derived from the World Economic Forum's EOS. The Forum has conducted the EOS annually for over 30 years, making it one of the longest-running and most extensive global surveys on the business environment. The 2014 edition gathered opinions from 13 000 respondents in 148 economies.

In this context, the ETI provides a tool for the international trade community to monitor progress on implementing these measures. In the context of the Aid-for-Trade Initiative, it helps identify topical and geographic areas of priority.

In addition, the importance of these factors is borne out through ample evidence in the empirical literature. For instance, research suggests that the quality of logistics, connectivity and border administration plays a role equal to, if not more important than, tariffs in determining bilateral trade costs (World Economic Forum, 2014a).

Box 10.2 briefly describes the ETI's structure, as well as the methodology and data used for computing the index, and Figure 10.3 illustrates the index's framework. The performance of different income-group countries across the ETI's seven pillars and against the average of the five best-performing economies (Ibid.) is plotted in Figure 10.4.

Figure 10.4. The Enabling Trade Index 2014: Income group averages and best performers



Note: Based on World Bank classification. See Table 1.

Source: World Economic Forum 2014.

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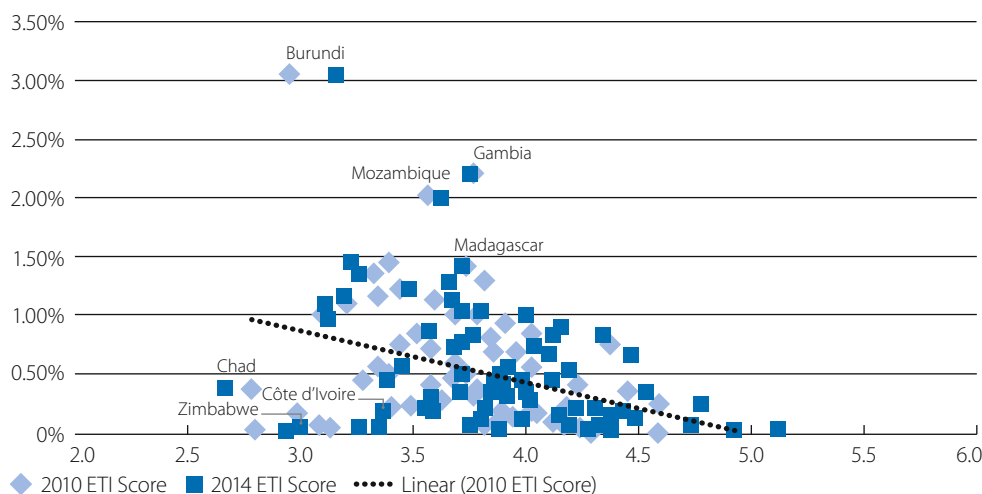
The ETI results reveal that low income countries perform consistently worse than others across most pillars. The gap is particularly large in areas where improvements require large financial efforts, such as the availability and quality of transport infrastructure and availability and use of information and communication technologies (ICTs). However, large gaps persist in the efficiency and transparency of border administration, an area at the core of the trade facilitation agenda. This aspect is often perceived as a quick win for boosting trade, as the benefits significantly outweigh the cost of necessary reforms. Modernising border administration is relatively less costly and less time-consuming and is politically easier because it is less controversial, as attested by the Bali agreement, which was adopted at a tumultuous time for international governance.

Realising trade's importance to development, the international community dedicates significant effort to addressing the bottlenecks and obstacles to trade. In 2005, the WTO launched the Aid-for-Trade Initiative to help "developing countries, and particularly least developed countries, trade", recognising that "many developing countries face a range of supply-side and trade-related infrastructure obstacles which constrain their ability to engage in international trade".

In 2012, the aid for trade of the OECD Development Assistance Committee accounted for 31% of total aid to the 23 low income countries included in the ETI of 2014. In addition, although this share remained stable, aid-for-trade disbursements increased by 126% between 2005 and 2012. Aid for trade to low income countries in sectors and areas within the scope of the ETI represented 0.7% of their combined GDP (following the OECD Creditor Reporting System, only funds classified under the following codes were included: 21010-21081; 22010-22040; 33110-33140; 33181; 24010-24081; and 25010-25020). This represents 44% of all aid for trade to these countries, with transport infrastructure alone accounting for 32%. The remaining aid for trade went to productive capacity building and specific economic infrastructure, such as energy generation and supply.

In this context, we use the ETI to assess whether in the past decade aid reached the countries that needed it most and targeted the areas where they lagged most behind. Figure 10.5 plots the average disbursements of aid for trade from 2005-12 within the scope of the ETI (expressed as a percentage of the recipient country's GDP) against the ETI overall scores for 2010 and 2014 (in blue and red, respectively). Only countries that received some aid for trade between 2005 and 2012 were included in the graph. This corresponds to 75 countries covered by the ETI of 2010 and 2014. Aid-for-trade data include official development assistance and other official flows. The linear fit is based on the ETI 2010 score.

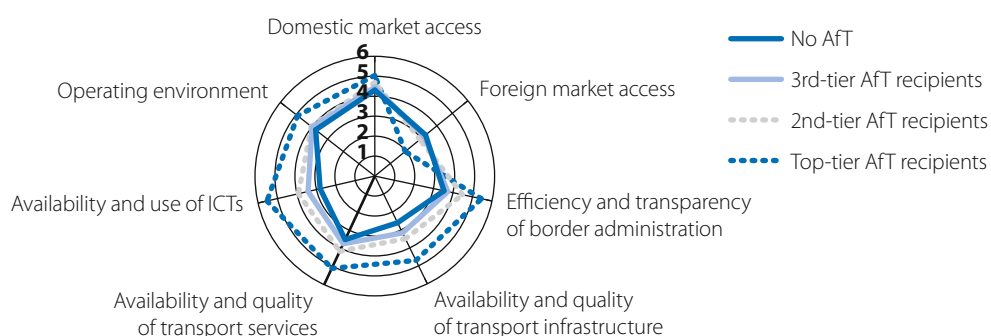
Figure 10.5 ETI score 2010 and 2014, and average aid-for-trade disbursements 2005-12 (% of GDP)



Source: World Economic Forum; OECD (2015).

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Figure 10.5 shows that aid generally has benefited countries with the weakest performance across the ETI's seven pillars. In particular, Burundi, Mozambique, Gambia and Madagascar received, on average, 2-3% of their GDP every year in aid for trade – the highest proportion among countries analysed by the ETI. While Burundi's overall performance in the ETI improved significantly, the other three countries' performance was mostly stable. At the other end of the spectrum, countries such as Zimbabwe, Côte d'Ivoire and Chad received relatively small amounts of aid given their performance in the ETI. Chad's performance, already the weakest within the sample, further deteriorated between 2010 and 2014, while the situation in Zimbabwe and Côte d'Ivoire improved over the same period, though most likely helped by the end of political crises that affected the two countries around 2010.

Figure 10.6 ETI score 2014 by pillar and aid-for-trade recipient group

Note: see text for details.

Source: World Economic Forum.

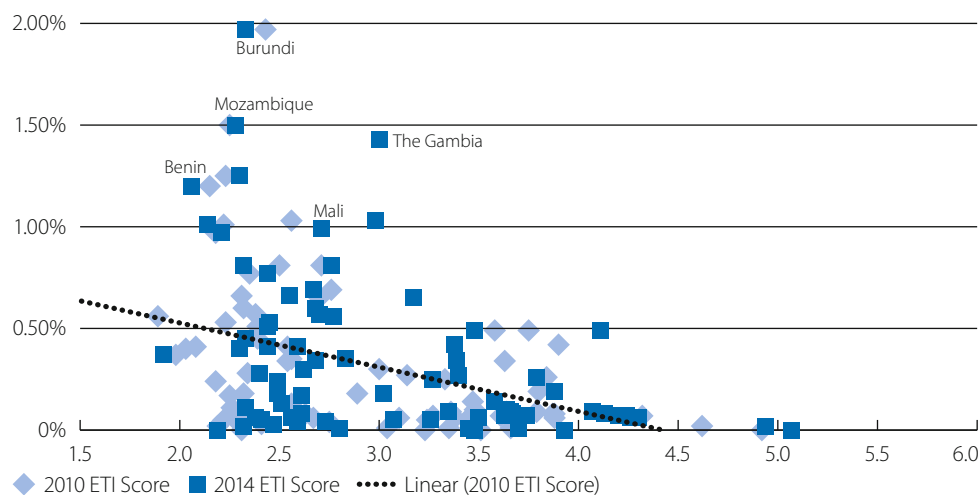
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The ETI 2014 covers a total of 118 economies. Among them, 43 did not receive any aid for trade between 2005 and 2012. The remaining 75 countries were divided into three equal groups according to the average amount of aid for trade received: top-tier recipients correspond to the 67th percentile and higher, second-tier recipients correspond to the 34-66th percentile, and third-tier recipients to the 33rd percentile and lower. The performance of four sets of countries, compared across the seven pillars and grouped according to the amount of aid received from 2005-12, is shown in Figure 10.6. Top-tier aid-for-trade recipients – those that received, on average, more than 1.3% of their GDP in aid every year – perform consistently worse than other countries across all pillars, except for in foreign market access. In this pillar, they benefit from preferential access granted to least developed countries and other developing nations.

The gap between top-tier aid-for-trade recipients and the rest of the world is widest in the availability and use of ICTs (pillar 6), availability and quality of transport infrastructure (pillar 4), and efficiency and transparency of border administration (pillar 3). In the case of transport infrastructure, aid-for-trade disbursements have been largely aligned with countries' performance in pillar 4, as countries performing relatively poorly received more funds to address these weaknesses (Figure 10.6) (aid-for-trade disbursements include CRS codes 21010-21081; the linear fit is based on the ETI 2010 score). In particular, Mozambique and Burundi were again leading receivers of aid for trade, together with Madagascar, Benin and Gambia. Among these countries, Mali's infrastructure improved the most from 2010-14, while the performance of the other countries remained stable or slightly deteriorated.

Countries' aid-for-trade receipts for trade facilitation and the efficiency and transparency of their border administration (pillar 3) are plotted in Figure 10.8 (Aid-for-trade disbursements include CRS codes 33110-33120; the linear fit is based on the ETI 2010 score). Most countries have received little or no aid to address the hurdles and bottlenecks they face in this area, regardless of their performance. Burundi, and Jordan to a lesser extent, stand out as the countries that have received relatively more aid targeted at trade facilitation (Burundi's performance deteriorated and Jordan's improved between 2010 and 2014). Yet, countries with severe challenges, such as Chad, have received very little assistance over the last decade.

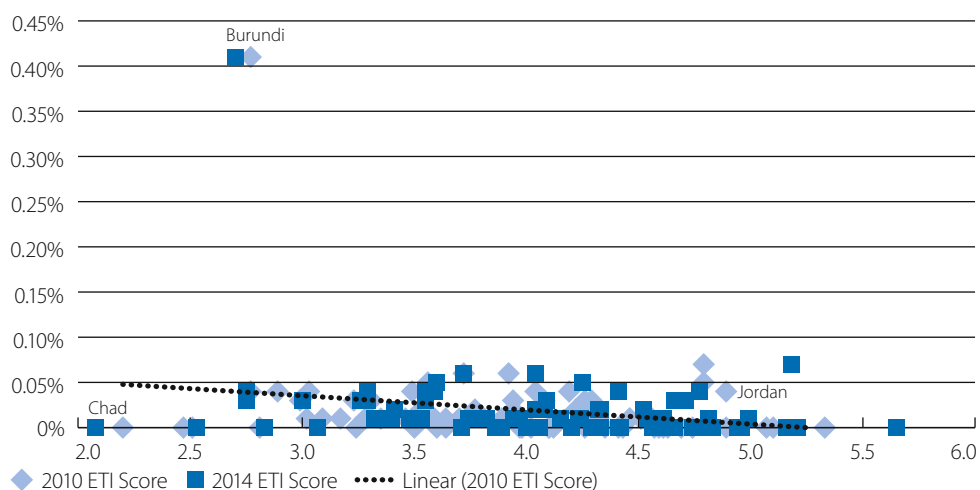
Figure 10.7 ETI pillar-4 score 2010 and 2014 and average infrastructure aid-for-trade disbursements 2005-12



Source: World Economic Forum; OECD (2015).

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Figure 10.8 ETI pillar-3 score 2010 and 2014 and average infrastructure aid-for-trade disbursements 2005-12

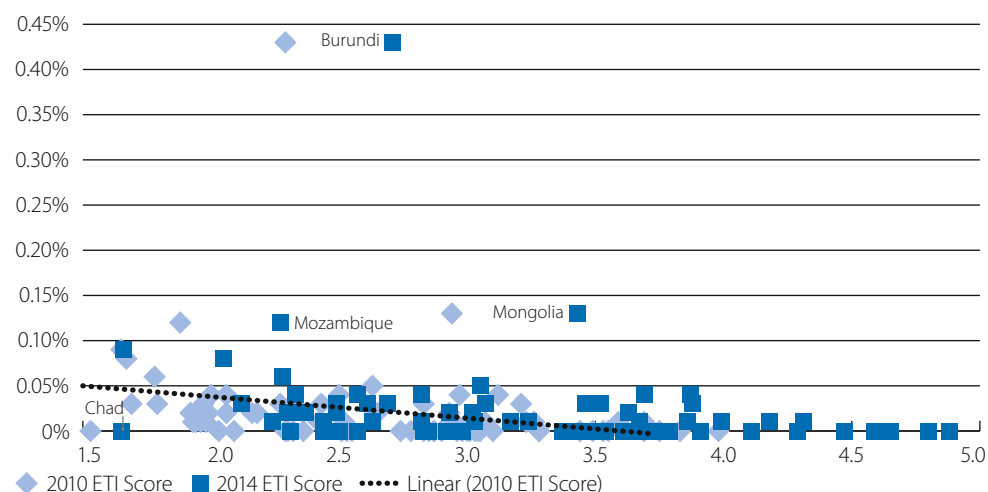


Source: World Economic Forum; OECD (2015).

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As revealed in Figure 10.6, ICTs and transport infrastructure are the main weaknesses faced by aid-for-trade-recipient countries taking part in international trade. Yet, few funds go to improving telecommunications and ICTs (Figure 10.8). The vast majority of developing countries receive little aid, if any at all, to improve their ICT infrastructure and bridge the wide gap – the largest of all ETI pillars – with developed economies. Gambia has received the most aid directed towards ICTs (as a proportion of GDP), with an average of about 0.4% annually between 2005 and 2012, followed by Mongolia and Mozambique. Once again, Chad stands out as one of the countries receiving the least, despite the challenges it faces in this area.

Figure 10.9 ETI pillar-6 Score 2010 and 2014, and average ICT aid-for-trade disbursements 2005-12



Source: World Economic Forum; OECD (2015).

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The ETI diagnoses the extent to which a country's system enables trade. This represents an important first step in the decision making process, notably in the context of aid-for-trade activities. A diagnostic tool, the ETI neither informs on possible solutions nor makes specific recommendations. Yet, the results can be used to identify success stories across the development ladder, from the best performers to those less advanced economies that perform beyond their capabilities. Good practices can be identified by subsequently analysing the factors behind such achievements.

EXAMPLES OF COMPANY-LED EFFORTS TO REACH TRADE TIPPING POINTS

Moving from the macro to the micro perspective, consideration should be given to how private-sector efforts, driven by a need to grow business, tackle critical choke points. Broader debottlenecking can occur where these combine, particularly with public sector initiatives.

Building human capacity and port infrastructure

Since taking over management of the Dakar, Senegal port in 2008, Dubai Ports World (DP World), the container-handling company, has made a major contribution to Senegal's economy. By supporting the development of the terminal and local community, DP World created more than 200 jobs for local people, with specialised training given to terminal employees, expanding their skills and bringing operational efficiencies in line with global standards. Expansion raised capacity from less than 300 000 TEUs (twenty-foot equivalent units) to more than 600 000 TEUs. Outcomes include a significant reduction in ship dwell time and a dramatic increase in merchandise imports and exports, with benefits both to intra-African trade and Senegal's economy. Upgrading was supported by financing from the African Development Bank.

Improving road safety

The high accident rate along Africa's roads is an obstacle to trade as well as a leading cause of injury and death. Improving safety in trade corridors is a cost-efficient way to facilitate trade on the continent. Against this background, TOTAL Group has partnered with the World Bank to improve safety along priority transport corridors in Africa, which by extension has improved the efficiency of key international trade and transit corridors (TOTAL & World Bank, see <http://www.oecd.org/aidfortrade/48368666.pdf>).

Engaging smallholders and achieving critical volumes

Cassava is one of six target crops identified by the Nigerian Ministry of Agriculture for special consideration, given its many industrial end uses. Current production, however, is used only for traditional foodstuffs, aside from a few first movers into value-added products such as high-quality cassava flour. Achieving profitability in these nascent value chains will require overcoming the logistical challenges of smallholder production networks and cassava's extremely low value-to-bulk ratio, along with obstacles in transport infrastructure. The public-private Cassava Development Corporation has been formed to drive progress in the industry by creating collection points that allow smallholders to consolidate loads for long-distance transport. Improving underlying infrastructure and adapting business models can help spur private investment in Nigeria's agricultural sector (World Economic Forum, 2014b).

Packaging, storage and processing to cut loss and add value

Although India is the world's second-leading tomato producer, the supply chain is extremely fragmented. A number of supply chain-related hurdles contribute to losses of 25-30% during harvest, transport and at mandis (local marketplaces). CHEP and Unilever are collaborating on a pilot to improve transport packaging, allowing cost reductions and value upgrading (World Economic Forum, 2014c).

Encouraging trade among small- and medium-sized enterprises

As a source of jobs and growth, small- and medium-sized enterprises (SMEs) are important in domestic economies. These firms traditionally do limited exporting; a study of French firms (excluding internet-based companies) found that 65% of the largest companies export, as opposed to only 3% of the smallest. The internet helps SMEs participate in global business. eBay and the web, for example, have had a major impact on shifting the dynamic by providing SMEs with easier access to international markets. Through a pilot programme, eBay worked with small-business users to eliminate barriers for international buyers and sellers, providing transparency on fully landed costs and delivery dates by facilitating communication, handling and shipping. Preliminary results suggest that addressing barriers such as these can result in increases of cross-border activity by small-business sellers of 60-80% (World Economic Forum, 2013).

These examples show that trade facilitation does not exist in a vacuum. A broad set of stakeholders, many of whom may not see themselves as directly connected to trade flows, needs to see the benefits from working together to allow supply chains to operate. The more value that is added to supply chains, the more incentive there is to ensure snags in trade facilitation are ironed out.

COLLABORATIVE EFFORTS AT IMPLEMENTATION: LESSONS LEARNT

While Brazil has had high growth rates in trade over the last ten years, companies still encounter some barriers. A perception survey conducted by the National Confederation of Industry (CNI) found that 44% of companies viewed customs bureaucracy as an issue of concern (*Entraves às Exportações Brasileiras*, CNI survey, 2014). In light of the results, Brazil began implementing *portal único*, the single-window facility.

Formally launched in April 2014 with the support of a presidential decree, *portal único*'s focus is to make Brazil more competitive in trade procedures, increasing transparency for all stakeholders. The goal is to reduce the average time to export by 38% (from 13 days to eight) and the average time to import by 41% (from 17 days to ten). With one integrated system, Brazil could reduce bureaucracy and paper requirements, simplify procedures and make the process more user-friendly for trade operators.

The single window will require the co-ordination of different agencies with different priorities. The Secretariat of Foreign Trade (SECEX) and Secretariat of Customs (Receita Federal) are leading the project, with other agencies that participate in trade operations playing a role.

The lessons learnt are as follows:

- Appropriate presidential support is beneficial. During the preparation phase, the government created structures to serve as the project's foundation for the future. Support from key stakeholders up to the presidential level is helping to solidify the single-window project as one of the administration's top priorities. For example, the April 2014 presidential decree established a mechanism for co-operation among the relevant agencies as well as SECEX and Receita Federal, the two leading bodies managing the project. Moreover, the decree laid out the key features of a single-window operating model to be adopted.
- Designated co-ordinating bodies and governance help manage the process. To co-ordinate the different priorities and views of multiple stakeholders, Brazil created a managing committee with representatives from SECEX and Receita Federal. The committee articulates inter-agency issues and co-ordinates work streams, working groups and other participating agencies. In addition to the managing committee, the government formed a management body that is open to participation by members of other relevant agencies. Finally, the project designated the Foreign Trade Council (CAMEX) to arbitrate and articulate the inter-ministerial issues. Effective co-ordination requires a clear decision-making process that starts with identifying all the key roles and decision points and then assigns decision owners. This process allows all parties involved to clearly understand their role in important decisions and the level of involvement required. Although the managing committee oversees the entire process, it lacks executive power, a situation that could slow implementation if agencies' priorities change in the future.
- Private-sector involvement is important to a project's success. Brazil's government signed a co-operation agreement with Procomex, an alliance of associations and large Brazilian companies. Representatives from the private sector participate in Procomex-led meetings and workshops to map the current business processes, identify existing bottlenecks in border procedures and discuss ways to improve processes. Private-sector representatives also help define and validate the redesigned procedures. Separately, the government has worked directly with companies to discuss their views on trade barriers and solicit recommendations for refining the single-window project. Attracting support and input from the private sector is extremely important to the project's success; it helps Brazil create a collective view of the point of arrival it hopes to achieve. The country has succeeded in creating a vision for specific steps of the processes.
- A diagnosis can lead to improvements, identify risks and suggest ways to mitigate them. The initial diagnosis focused on the existing export procedures. Brazil studied approximately 48 processes that involved about 16 government bodies (figures estimated from Brazilian government materials). Receita Federal conducted studies on the time requirements for import phases, and customs mapped the time required from berthing to the receipt of goods by maritime importers in eight important Brazilian ports. The time requirement for each step was measured, with the goal of identifying the steps that had the biggest potential for improvement. Additionally, it was possible to measure the variability of time in each of the steps. SECEX and Receita Federal also identified 30 potential risks that could affect a project's successful implementation, ranking them on their likelihood and possible impact. The agencies suggested measures for mitigating those risks, which covered areas such as technology, redesign complexity, public stakeholder support, and risks stemming from the private sector and international organisations.

The communications approach, the key messages and their frequency can be adjusted by identifying each stakeholder's interest and level of impact in the project. As a result, resources can be deployed efficiently and more precisely. Private sector involvement is important to effective design of processes and appropriate diagnosis. The private sector applies pressure for short-term implementation; in response, the government prioritises export procedures.

Government is also aware of items that have an equal impact on trade operations and that should be tackled beyond the single-window project. One interesting example concerned the wide range of agency interactions required for import/export in the automotive sector, including such non-obvious requirements as phyto-sanitary inspection of the wooden pallets on which automotive components are transported. The Brazilian government, along with the automobile companies, has been improving import procedures in the automotive industry and results have already appeared. Import processes in Brazil begin with the licence certification, which, in most cases, should be issued prior to shipment (interviews with automobile companies in Brazil; see http://www.receita.fazenda.gov.br/manuaisweb/importacao/topicos/procedimentos_preliminares/licenciamento_da_importacao/pedido_de_licenciamento.htm). After this first step, cargo is shipped to the country, handled, scanned, released by customs, inspected by the agricultural ministry and finally loaded for delivery. Previously, additional steps delayed cargo from leaving port. For example, for cargo imported for re-export, additional duty-exemption procedures could add four days to the process. The Brazilian government and automobile companies worked closely to streamline border administration and re-export procedures and collected good results, reducing lead time to three days for some companies (interviews with automobile companies in Brazil).

Two measures led to this improvement:

- Procedures for tax exemption (drawback) – Exemption is important because tax adds 25% to international freight value (see http://www.planalto.gov.br/ccivil_03/ato2004-2006/2004/lei/110.893.htm). Because the exemption process took four days and could interfere with production, companies sometimes preferred to pay the tax instead of waiting for the process to be completed. The process was streamlined by the government and now occurs without delay. Additionally, exemption criteria have been simplified. For example, companies previously had to declare an estimate of the part of the freight to be re-exported and of the actual quantity at the time of shipment in order to ensure an exemption. Today, the decision is based only on the actual quantity of products re-exported, a change that simplifies a company's internal processes. Impact: reduction in lead time of four to five days.
- Faster clearance processes through a special regime – Blue Line, an initiative established in 2004 (Receita Federal do Brasil, <http://www.receita.fazenda.gov.br/aduana/linhaazul/emphab.htm>), is a special regime providing priority in the clearance process and little intervention in clearance inspections. The government has increased the number of enrolled companies to 49, with 14 of them in the automotive sector (Receita Federal do Brasil, <http://www.receita.fazenda.gov.br/aduana/linhaazul/emphab.htm>). Therefore, more automobile makers can benefit from the regime and move nearly 100% of their imports (interviews with automobile companies in Brazil) without physical inspection, making the clearance process faster and reliable. Impact: reduction in lead time of one day.

Brazil worked to address the top priorities identified by automobile companies and was able to make immediate strides. Yet despite these recent improvements, the companies could benefit from even more efficient processes. For instance, import lead time could be reduced to two days through changes in the agricultural licensing and by advancing custom-clearance processes. Clearly, trade outcomes are affected by a broad set of competitiveness issues and scarce resources for reform need to be allocated wisely. Business involvement in reform prioritisation and implementation can help achieve an effective balance. Moreover, several tax and infrastructure issues undermine Brazilian companies' competitiveness in trade.

CONCLUSIONS

Significant scope exists for greater co-ordination of trade facilitation funding and expertise, building on public and private sector experience, to effectively support implementation of the TFA.

The primary objective of such a public-private coalition is accelerated and targeted delivery at scale. Implementing broader, better, more co-ordinated and more transparent trade facilitation would serve the interests of developing country governments, businesses and donors.

The examples of implementation cited earlier from enabling trade reports are limited to one or two countries and projects per year. A broader exercise would have greater regional reach for best-practice sharing and would integrate more closely with other development activities. Deep and demand-driven involvement from the private sector would provide donor agencies with greater confidence in the impact of their funding.

A public-private coalition could build upon existing enabling trade implementation work and similar efforts via a process including the following:

- recipient government assessment of needs and request for support
- multinational and local private-sector assessment of barriers and viable commercial opportunities
- donor assessment of funding needs
- collaborative multi-stakeholder prioritisation of reform packages and implementation mechanisms
- provision of technical expertise, funding and project management
- ongoing monitoring via regional and/or sectoral supply chain councils, reporting of key performance indicators and proactive sharing of best practices
- regular oversight and steering at a global level.

To conclude, there are encouraging signs of increased coalition-building for trade facilitation implementation. Flexible co operation among donors, international institutions, recipient governments and the private sector will enhance the work of each. The World Economic Forum has significant leeway to exploit synergies at different stages of its Enabling Trade implementation work thus providing a mechanism to facilitate public-private co operation.

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