Challenges in facilitating trade and transport

Seminar on Overcoming Border Crossing Obstacles
International Transport Forum
Paris, 5 and 6 March 2009

Neil Mann
Deputy CEO Passenger and Trade Facilitation
Challenges in facilitating trade and transport

• Border management has traditionally focussed on regulating the entry of imports for revenue collection, and to address a range of risks such as criminality, bio-security, and public safety.

• Consequently, much focus has rightly been placed on facilitating border clearance on importation with significant progress being made.

• Over the last decade, however, border management has been in transition from this import and revenue focus to an export and security focus.

• This shift has potentially significant implications for the facilitation of exports if not addressed cooperatively by governments and industry.
World Customs Organisation

- Pre-arrival electronic reporting
- Risk management
- Unobtrusive intervention technology
- Benefits for compliant traders
Australia’s approach

• Integrated cargo system provides an electronic single window for 98% of all reports and declarations

• Target high risk consignments supported by a deterrence level of cargo inspection and sampling

• Port-side and in-line x-ray inspection

• Programs for compliant traders developed but cost-benefit not clear
Measuring facilitation performance

Time Release Study

- The arithmetic mean between the time of the arrival of the goods and their release into the economy via a standardised system

Objectives

- Establish a baseline of performance
- Identify opportunities for improvement
## Australian import clearance performance

**RESULTS TABLE:** Average Times for Cargo from Arrival to Release and Clearance

<table>
<thead>
<tr>
<th>Interval</th>
<th>Average Time – Sea Cargo (Days)</th>
<th>Average Time – Air Cargo (Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrival to Release</td>
<td>1.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Arrival to Clearance</td>
<td>1.8</td>
<td>0.3</td>
</tr>
</tbody>
</table>
World Bank measures for sea containers

- Doing Business Survey 2008
  - 12 calendar days

- Logistics Performance Index
  - 1.7 days
Import clearance timeline

TRS 2007 - Sea Cargo Timeline (in Average Days)

-8 -7 -6 -5 -4 -3 -2 -1 0 1 2 3 4

- Impending Arrival Report -8.0
- House Bill of Lading -6.8
- Ocean Bill of Lading -6.7
- Import Declaration -3.4
- All Documents Lodged -2.4
- Arrival 0.0
- Container Discharge 0.7
- Bulk Discharge 1.8
- Break Bulk Discharge 2.1
- 1 CL Unpack 4.1

- Customs Unimpeded -1.5
- Ready to Pay -1.1
- Release 1.3
- Clear 1.8

Paid 1.3
Australian key findings

• Customs and Border Protection no longer a significant impediment to import trade

• The number and degree of information dependencies between the parties in the supply chain and the effectiveness of business-to-business information exchange are key factors

• Transport and logistics providers are also determinants of performance
Australian key opportunities

- Improve level of import declarations lodged early
- Improve linking of declarations to vessel arrivals and associated manifest information
- Increase port and transport capacity
- Enhanced risk assessment based on trader history
- Extend single window to additional permit issuers
- Consider further revenue deferral
Shift in border management focus to exports

- Identify and treat risk at source
- Pre-departure risk assessment
- Pre-departure cargo intervention
- Increased focus on supply chain security
Border management of exports

• International obligations eg counter-proliferation, UN sanctions, endangered wildlife

• Export certification of food safety

• Authorised Economic Operator programs

• Aviation transport security, eg 100% passenger and luggage screening
USA counter-terrorism measures

- Customs–Trade Partnership Against Terrorism
- Container Security Initiative
- 24 hour pre-load cargo reporting
- “10+2” cargo reporting
- Secure Freight Initiative
  - 100% screening of air cargo by 2010
  - 100% screening of sea containers by 2012
Alternative approaches

• Low-risk trade routes

• Enhanced risk management of traders

• Supply chain security programs
  – Counter-terrorism
  – Food safety
  – All hazards
Conclusions

- Progress has been made on standardising import border management processes however less focus has been placed on exports.

- The increasing expectations on economies to provide an assurance about the safety of their exports has implications for the level of investment required from governments and industry.

- The timeliness and quality of export reporting to support risk assessment and cargo screening infrastructure and technology is not in place.

- Alternatives to cargo screening such as supply chain security programs need further exploration with industry and governments.

- Measuring export border management performance is required to ensure trade facilitation outcomes are not jeopardised in the future.