



# Using postal networks for trade facilitation: lessons for Africa from the « Easy Export » programs in Latin America

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- **Bureaucratic and transactions costs barriers to exports for micro, small and medium enterprises (MSME) (Djankov and Freund, 2007)**

- **in SSA**

- 8.1 documents for export – Ethiopia, 8 documents, 487 US\$ (with customs clearance)
- 35.6 days to complete the export
- 1,660.1 US\$ for a container

- **in Latin America & the Caribbean**

- 7.0 documents for export – Brazil, 8 documents, 500 US\$ (with customs clearance)
- 22.2 days to complete the export
- 1,017.5 US\$ for a container

- **Other factors of exclusion of MSME from export markets (Guasch, 2008)**

- **Location**

- **Information**

- **Or more basic things: lack of knowledge of proper packaging!**

- ***“Trade initiatives are only for the “big” guys”***



- **Postal networks play a key role in developing and implementing the “Easy Export” solution so as to provide the right tool for MSME**

- **In Brazil under an open program: the postal historical operator (who actually got the “Easy Export” – “Exporta Facil” idea in the late nineties)**
  - + express carriers
  - + other logistics providers
- **In Peru under a closed program: the postal historical operator**
- **Limited to 50,000 US\$ per transaction in Brazil and 2,000 US\$ in Peru**
- **Networks are either internationally interconnected (postal designated operators) or integrated (express carriers) or combined (partnerships)**

- **The easy system consists in:**

- **Bringing the package to the post office: no consolidation of goods!**
  - Packaging service included for free in the Peruvian program
  - Sometimes pick-up service available
  - 30 kg per transaction max. (international postal interconnection convention, except bilateral agreement between postal operators)
- **FILLING OUT ONE DOCUMENT – THE SIMPLIFIED EXPORT DECLARATION (DSE): NO DELAY! NO BUREAUCRATIC COST = SAVE AT LEAST HALF OF THE EXPORT TRANSACTION COST!**
- **Choosing the delivery service and paying: affordability for micro exporter**
- ***Similarly when express carriers are involved, except no weight limit***

Origem / Origin

País / Country

Cidade/UF / City-State

País / Country

Código do Contato / Contact / Person

Tel - Fax / Phone - Fax

E-MAIL

DESTINATÁRIO / ADDRESSEE

ENDEREÇO / ADDRESS

CIDADE/UF / CITY-STATE

PAÍS / COUNTRY

CÓDIGO DE ENDEREÇO / ZIP CODE

TEL - FAX / PHONE - FAX

E-MAIL

INFORMAÇÕES PARA ALFÂNDEGA / CUSTOMS INFORMATION

Descrição do Conteúdo Description of Contents	QTD QTY	Valor Declarado Declared Value (USD)	Valor Declarado Declared Value (R\$)	Peso Líquido Net Weight (kg)
		0.00		
		0.00		
		0.00		
		0.00		
		0.00		
		0.00		
<b>Total</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0.000</b>

INFORMAÇÕES SUPLEMENTARES / SUPPLEMENTARY SHEET

SIM / YES

Não / No

Valor de Seguro (USD) / Insurance Value (USD)

INFORMAÇÕES COMPLEMENTARES / SUPPLEMENTARY SHEET

SIM / YES

Não / No

ORIENTAÇÃO PARA O CASO DE NÃO ENTREGA / INSTRUCTION IN CASE OF NON DELIVERY

Retornar ao remetente / Return to the sender

Disponibilizar para o destinatário / Available to the addressee

Outros / Other

Não / No

11 CNPJ / CNPJ DO REMETENTE

12 Registro no SISECOMEX - Seleção automática de DSE pelo SCD  Sim

Se registrado - Sim  DSE regular comum

DSE regular simplificado

Nº

13 Nº Seguros / Seguros Number

14 Nº de pacotes / Number of the items

15 Nº total de pacotes / Total number of items

Código NCM do Produto Prod No	Unidade de Comércio Exterior Commercial Unit	Código do País de Origem Country Code

16 Código do País de Destino / ADDRESS

17 País de Origem do Produto / Business Country Code

18 Tipo de embalagem / Package

19 Valor do Produto / Total Product Charges / Price

20 Número da Nota Fiscal / Bill of Sale Number

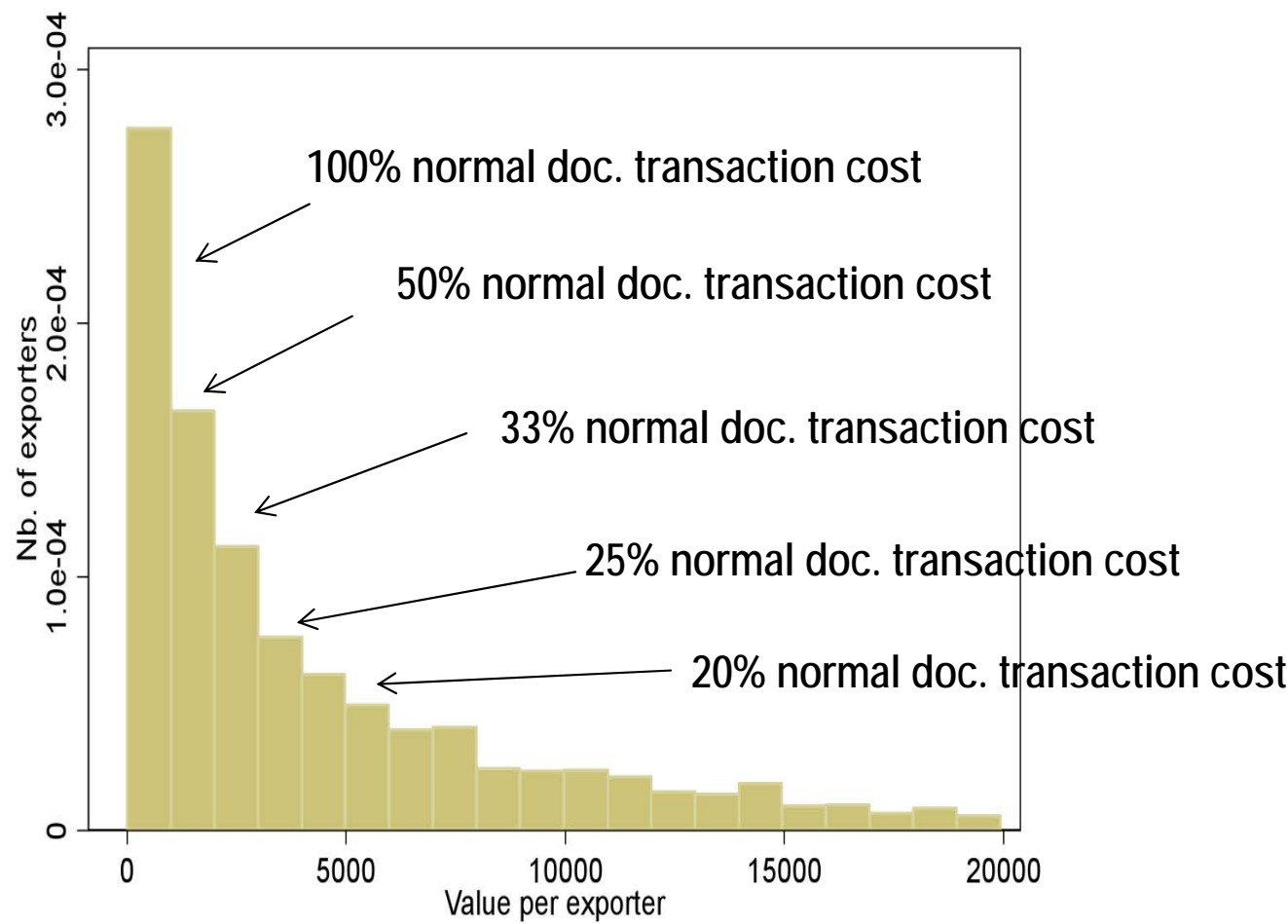
21 Nº de Lote / Lot with 12 dígitos / 12 digits

22 Nº do Certificado de Origem / Certificate of Origin Nº

23 Nº da Fatura Comercial / Commercial Invoice Nº



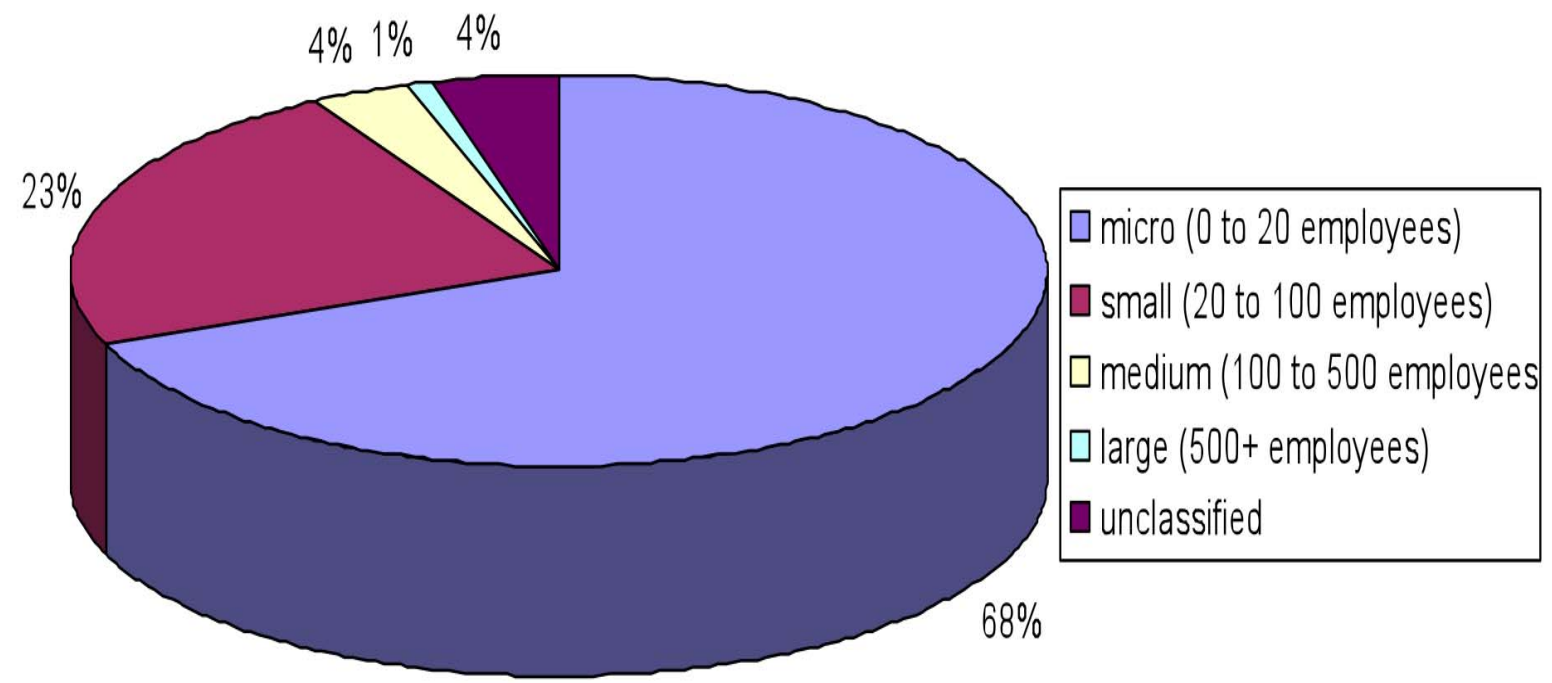
- A median of 2 shipments a year
- Distribution of the value per exporter



Source: Correios (ECT)



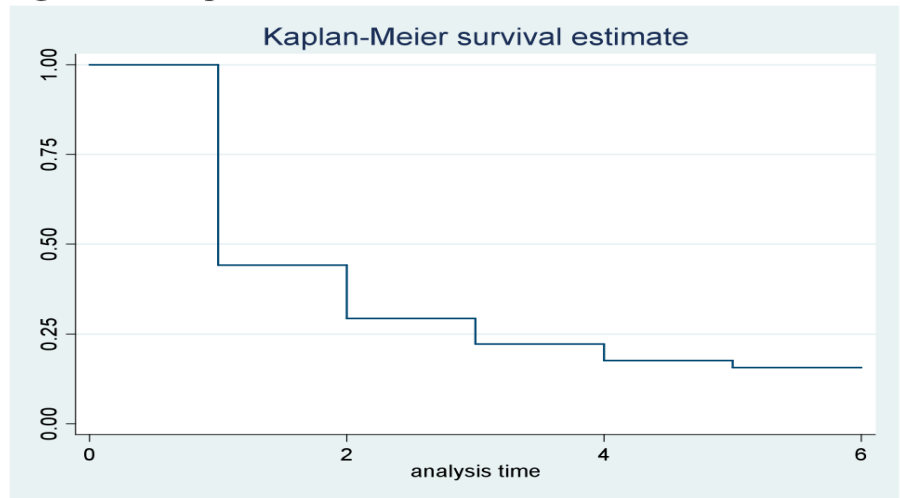
- **No surprise: micro, small and medium enterprises!**



Source: SEBRAE Brazil

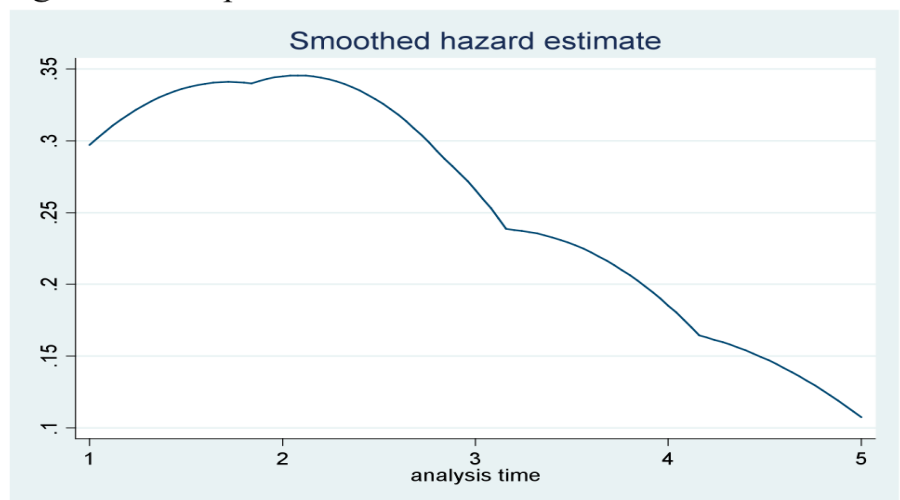


Figure 1 – Exporta Fácil survival estimates



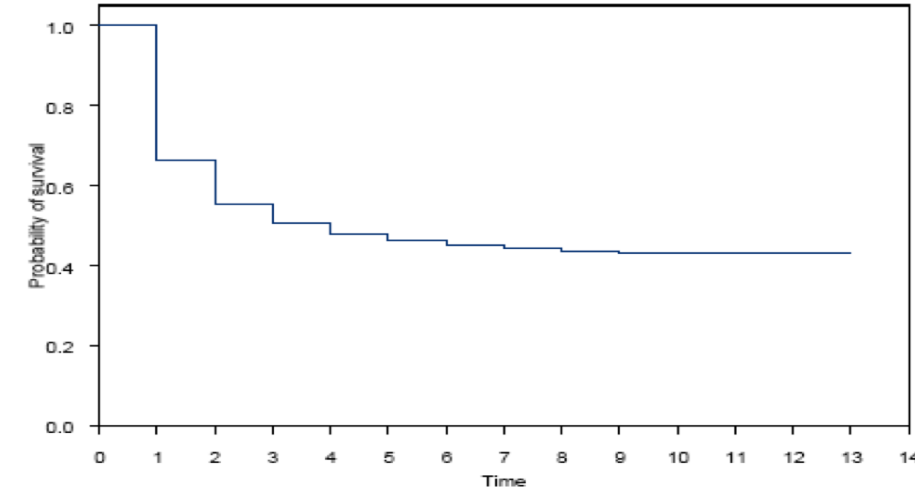
Source: authors calculation

Figure 20 – Exporta Fácil hazard rate



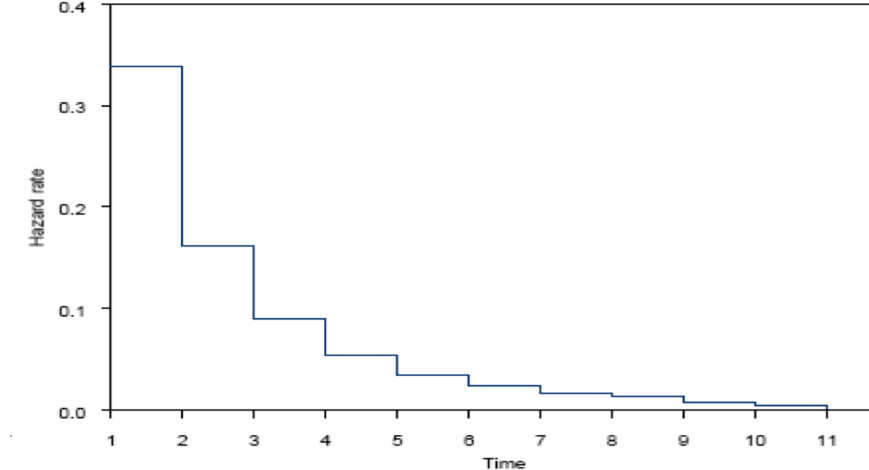
Source: authors calculation

Figure 2 - Besedes and Prusa (2004) survival estimates 1989-2001



Source: Besedes and Prusa 2004

Figure 21 - Besedes and Prusa (2004) hazard function 1989-2001



Source: Besedes and Prusa 2004



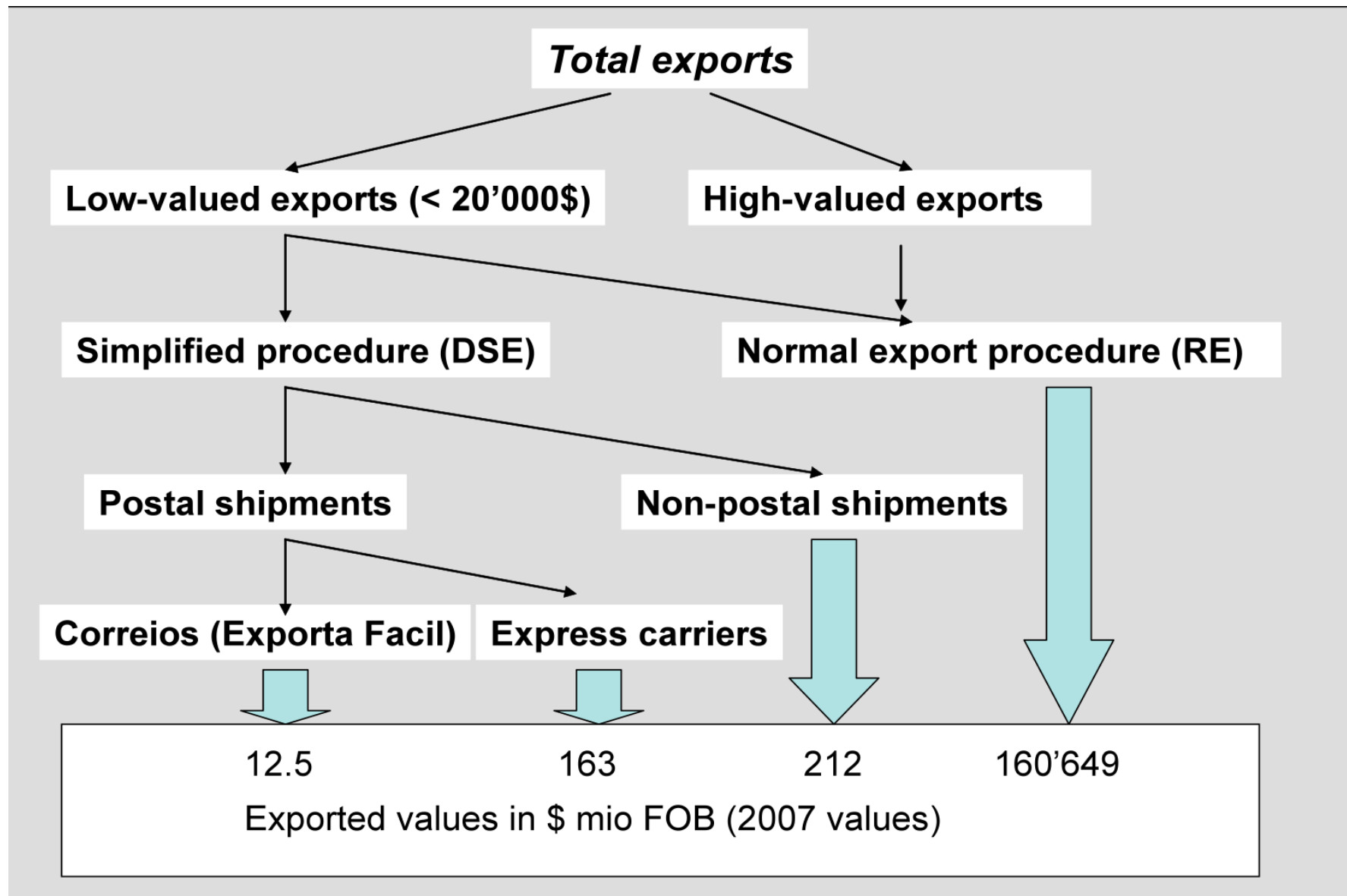
- Very small exports in terms of value, and sometimes in terms of shipments
- A majority of micro and small entrepreneurs
- A lower survival rate than “normal” exports

## HENCE

- Easy exports programs target very small exports by small entrepreneurs with a low probability of survival

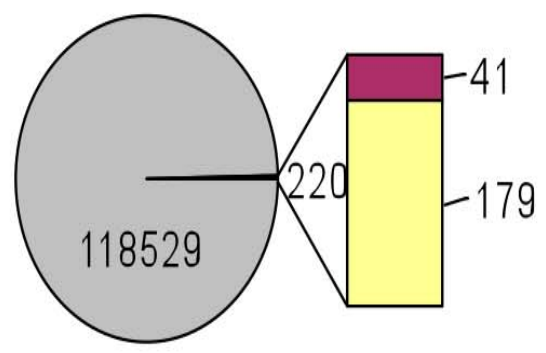
## THEREFORE

- Is the real value of the program simply to enable numerous small firms to try to access exports market at a very low entry cost rather than the direct volumes of trade generated by the simplified exports?
  - For an MSME: very little to lose and a lot to be potentially gained

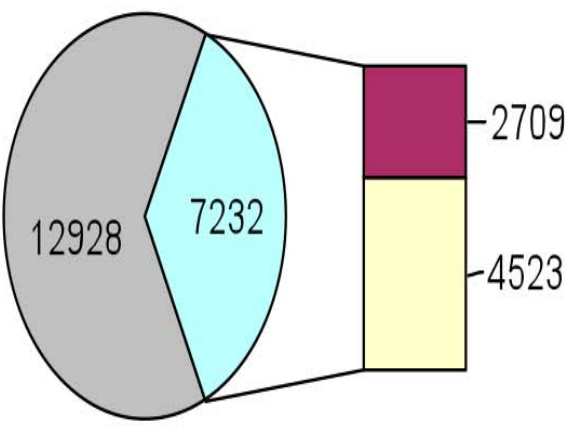




### Exported Value in mio \$ FOB (2005)

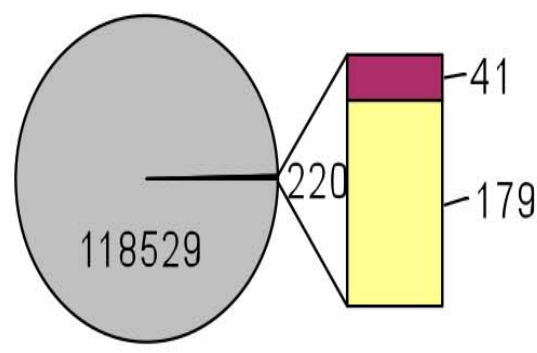


### Number of exporters (2005)

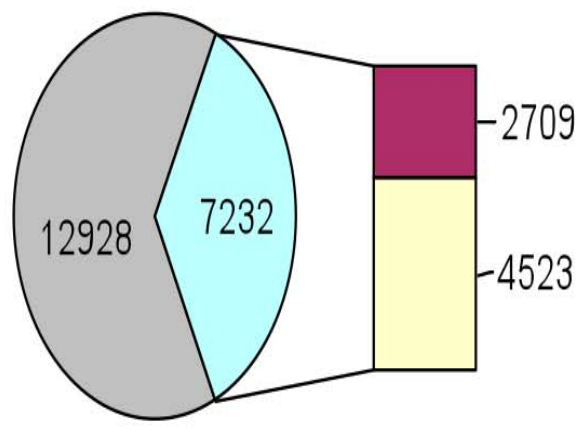




**Exported Value in mio \$  
FOB (2005)**



**Number of exporters (2005)**



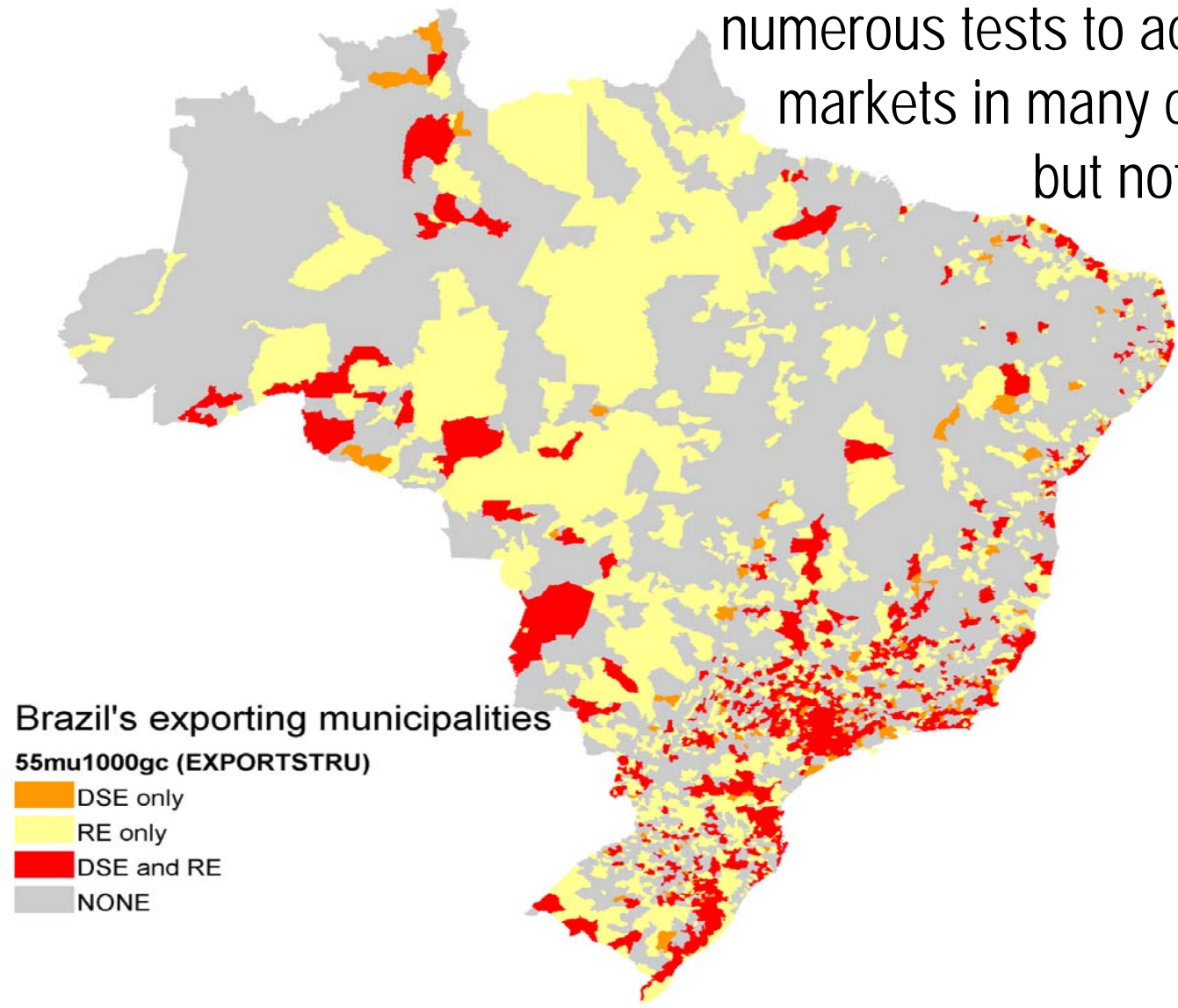
Easy exports programs provide a test to accessing exports markets to numerous small entrepreneurs

# Easy export program: how important geographically?

## Number of municipalities with firms trying it in Brazil



Easy exports programs provide numerous tests to accessing export markets in many communities, but not everywhere



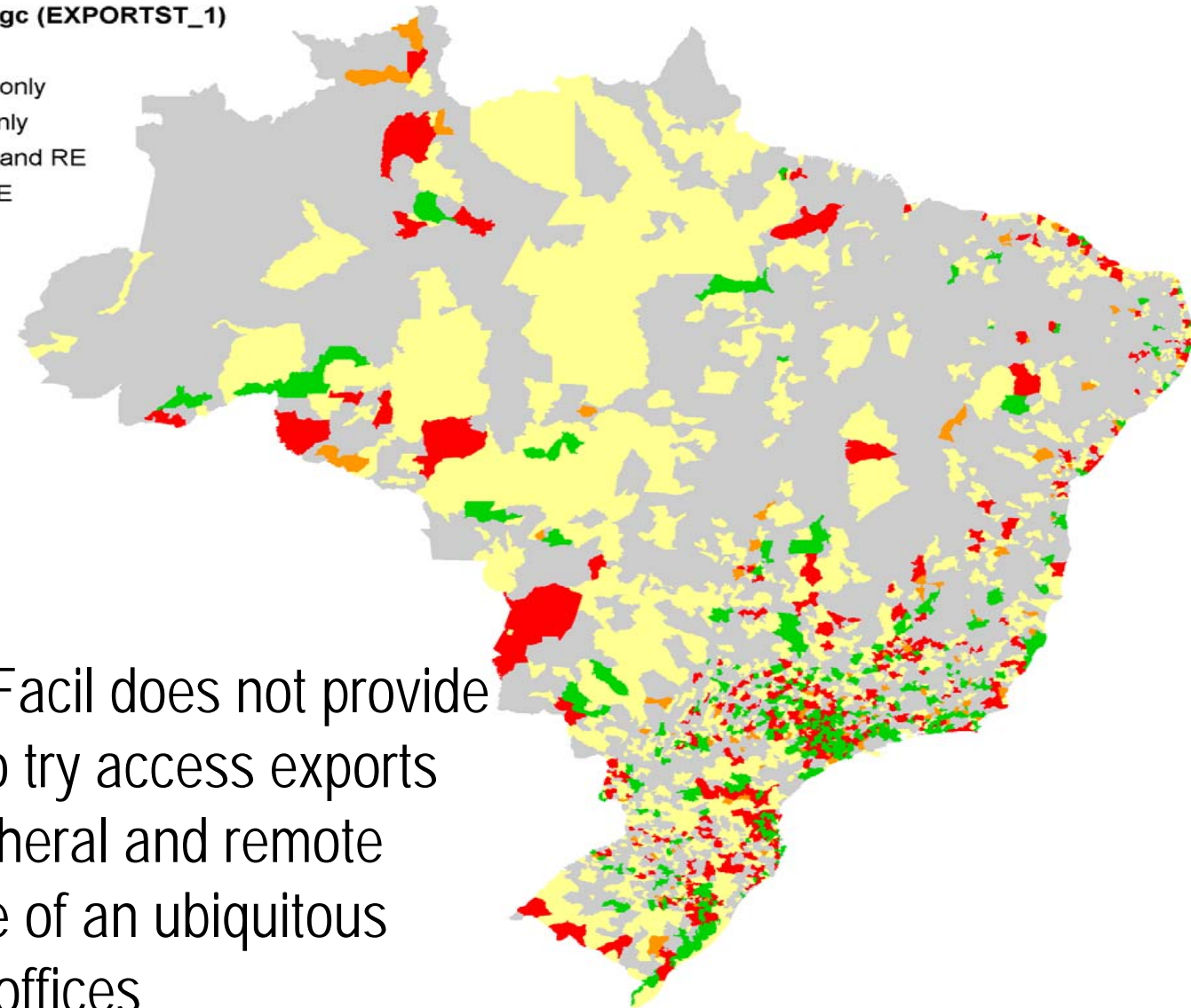
# Easy Export program in Latin America: what about Exporta Facil in all post offices compared to other DSE players?



Brazil's exporting municipalities - with EF

55mu1000gc (EXPORTST\_1)

- EF
- DSE only
- RE only
- DSE and RE
- NONE



So far, Exporta Facil does not provide more chances to try access exports markets in peripheral and remote locations in spite of an ubiquitous network of post offices

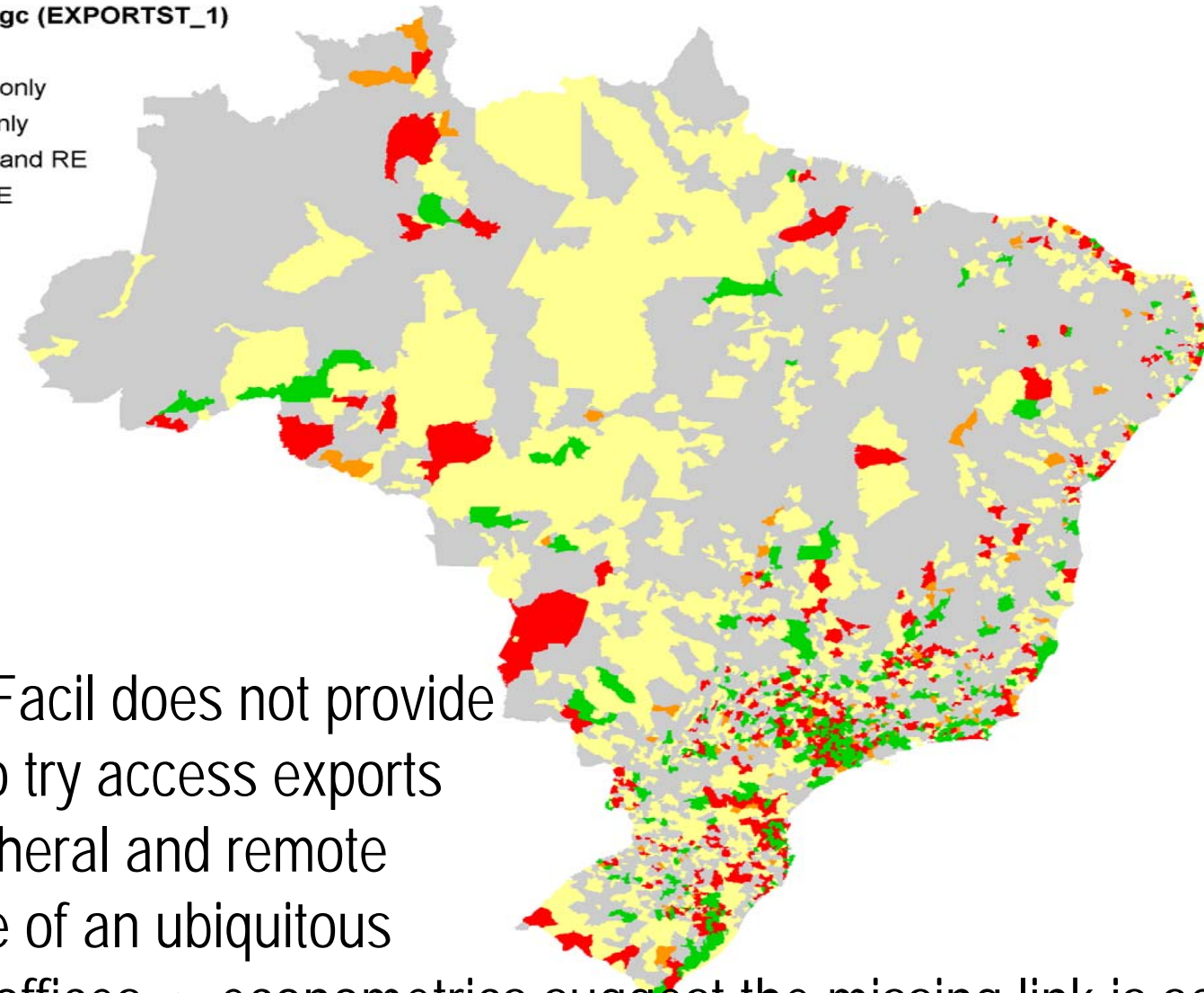
# Easy Export program in Latin America: what about Exporta Facil in all post offices compared to other DSE players?



## Brazil's exporting municipalities - with EF

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So far, Exporta Facil does not provide more chances to try access exports markets in peripheral and remote locations in spite of an ubiquitous network of post offices -> econometrics suggest the missing link is services



- Numerous small exporters trying the program
- Numerous municipalities trying the program
- No impact of the postal incumbent's network capillarity on geographical access

## HENCE

- Small entrepreneurs need something more than the postal network capillarity in order to try the easy exports programs – yet posts have the physical location to offer these services such as complementary financial services, chambers of commerce window, rules of origin certification, telebusiness centers (“your office – the post office”)

## BUT

- All this means that the program is really about supporting small firms willing to try to access export markets, and not just substituting the normal trade channel RE by the simplified trade channel DSE: is it the case? Briefly, are they really trying to access exports markets that could otherwise not have accessed?

# Easy exports programs in Latin America: a second conclusion and a second question? Substitution?



<i>Method</i>	<b>Arellano-Bond</b>		<b>FE Robust OLS</b>		<b>FE Robust OLS</b>	
<i>Years</i>	<b>1999-2005</b>		<b>1999-2005</b>		<b>1999-2000</b>	
<b>Number of DSE only exporters</b>	<b>-0.16456345</b> 0.1582		<b>-0.11501908</b> 0.2588		<b>-0.57685459</b> 0.2421	
<b>Number of DSE/RE exporters</b>	<b>-0.51993349</b> 0	<b>**</b>	<b>-0.56503157</b> 0	<b>**</b>	<b>-0.55795517</b> 0	<b>**</b>
<b>Lagged RE (for A-Bond)</b>	<b>0.24340964</b> 0.15					
<b>GDP</b>	<b>-4.75E-07</b> 0.07		<b>-6.84E-07</b> 0.0767		<b>1.75E-06</b> 0.0609	
<b>Population</b>	<b>0.00006715</b> 0.0086	<b>**</b>	<b>0.00009013</b> 0.0009	<b>**</b>	<b>-0.00001445</b> 0.5919	
<b>Share of services sector</b>	<b>0.37850448</b> 0.3826		<b>-0.89737784</b> 0.1021		<b>0.59895791</b> 0.6746	
<b>Share of industrial sector</b>	<b>0.55102175</b> 0.3049		<b>-1.2050131</b> 0.0318		<b>0.78656581</b> 0.5015	
<b>2000 dummy</b>			<b>0.18550803</b> 0.1582		<b>0.28739596</b> 0.0004	<b>**</b>
<b>2001 dummy</b>			<b>0.62081448</b> 0	<b>**</b>		
<b>2002 dummy</b>	<b>0.30472384</b> 0	<b>**</b>	<b>0.56220518</b> 0	<b>**</b>		
<b>2003 dummy</b>	<b>-0.11038443</b> 0.2117		<b>0.60332394</b> 0	<b>**</b>		
<b>2004 dummy</b>	<b>0.20316633</b> 0.1206		<b>1.1536661</b> 0	<b>**</b>		
<b>2005 dummy</b>	<b>-0.57515873</b> 0.0002	<b>**</b>	<b>0.68907535</b> 0	<b>**</b>		
<b>Constant</b>	<b>0.33028347</b> 0	<b>**</b>	<b>3.5285014</b> 0.0472	<b>*</b>	<b>8.9662712</b> 0.0001	<b>**</b>
<b>Number of observations</b>	8329		11365		3031	
<b>Number of groups</b>	2170		2289		1687	

*Note:* p-values are displayed in parenthesis

\*\* and \* denote, respectively, 1% and 5% statistical significance levels



- **All African postal networks internationally interconnected to the rest of the world = a local access to a global supply chain**

- 665,000 interconnected post offices worldwide
- Incentives to provide a good quality of service are becoming stronger
  - Termination of interconnection services compensated according to the achievements of quality targets
- Increasing number of partnerships between historical postal operators and express carriers – infrastructure cost sharing and filling the missing logistics gaps – better coordination between infrastructures and networks
- More than 80% of SSA post offices located outside the three largest cities of each country
- Another trend: provision of ICT and financial services through postal networks (telebusiness centers, e-commerce platforms, etc.)
- North-South as well as South-South trade

- **A postal sector in evolution in SSA:**

- Regional development plans – a UPU priority for achieving MDGs
  - Connecting post offices to electronic networks
  - In Peru, “all that was needed was a scale, a paper scanner and an Internet connection sometimes” (Guasch, 2008)
- Postal reforms
- Improving transmission by road in ECOWAS and South Africa