

Trading across borders

Importing and exporting

The benefits of trade are well documented—as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down trade barriers. Yet Africa’s share of global trade is smaller today than it was 25 years ago. So is the Middle East’s, excluding oil exports. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every official procedure—and the associated documents, time and cost—for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel’s arrival at the port of entry to the shipment’s delivery at the factory warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit.

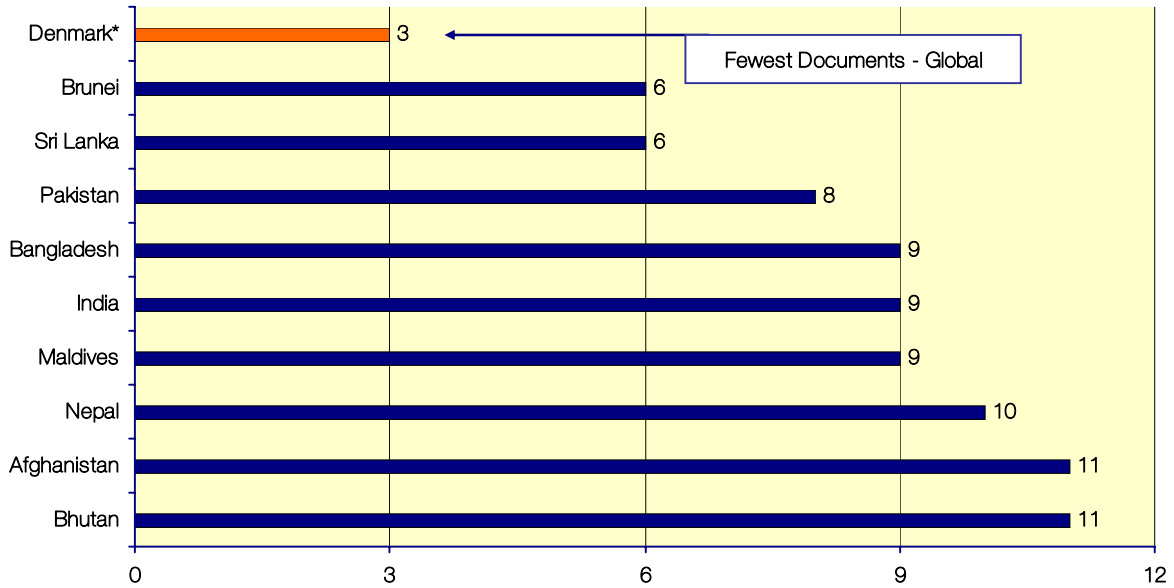
To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, with 100 or more employees, and is located in the periurban area of the country’s most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the country. The traded goods are ordinary, legally manufactured products, and they travel in a dry-cargo, 20-foot FCL (full container load) container.

Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or trade taxes.

Countries that have efficient customs, good transport networks and fewer document requirements—making compliance with export and import procedures faster and cheaper—are more competitive globally. That leads to more exports—and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders avoid customs altogether. Instead, they smuggle goods across the border. That defeats the very purpose in having border control of trade—to levy taxes and ensure high quality of goods.

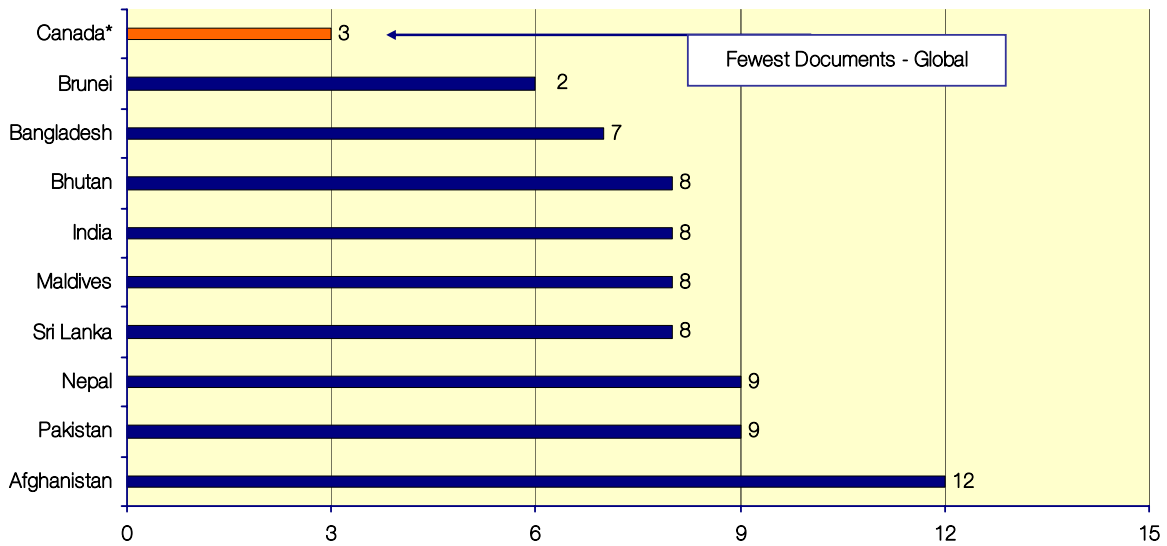
Benchmarking—trading across borders
 South Asia—compared with global best practice

Documents to import



* Other economies with the fewest documents include Sweden.
 Source: *Doing Business* database.

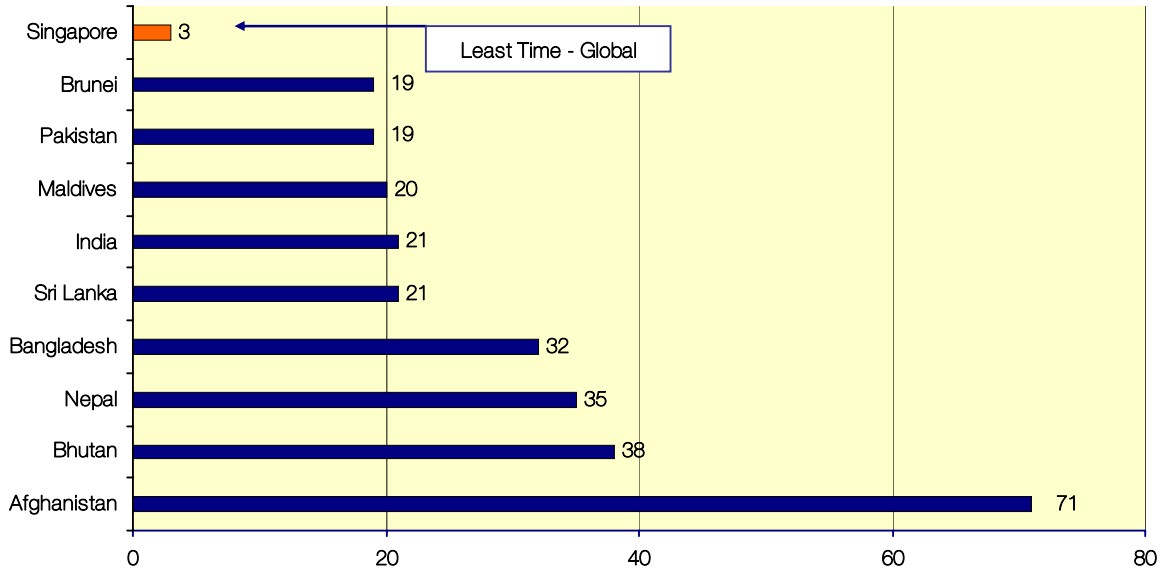
Documents to export



* Other economies with the fewest documents include Estonia, Panama and Micronesia.
 Source: *Doing Business* database.

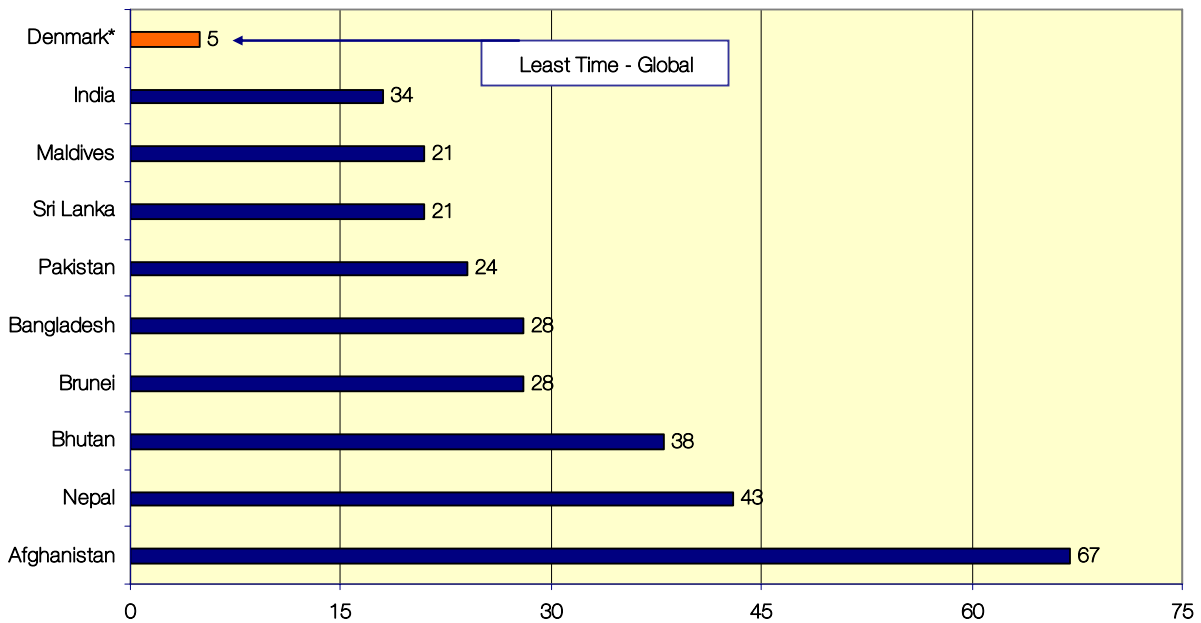
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Time to import (days)



Source: *Doing Business* database.

Time to export (days)

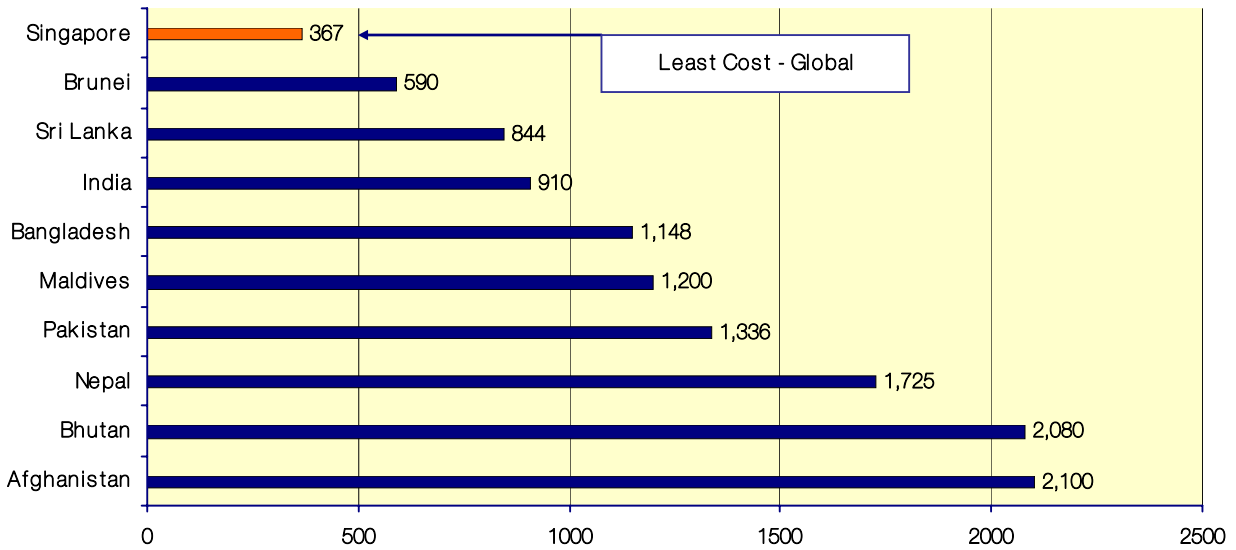


* Other economies with the fewest documents include Estonia and Singapore.

Source: *Doing Business* database.

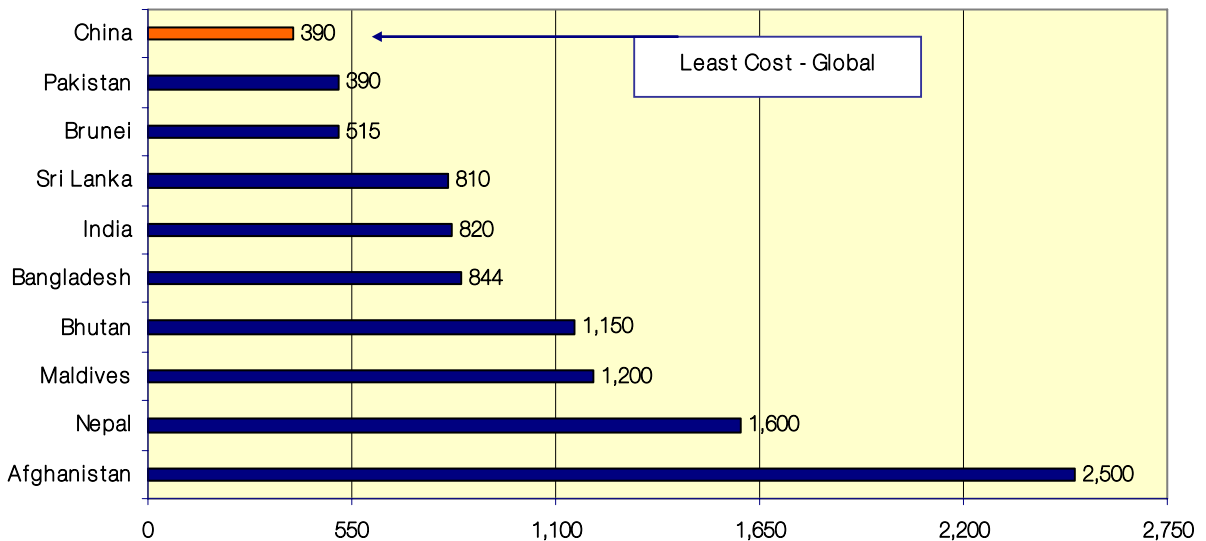
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Cost to import (US\$ per container)



Source: Doing Business database.

Cost to export (US\$ per container)



Source: Doing Business database.