



# Trading Across Borders

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 bigger ships and faster planes, the world is shrinking. Global and regional trade agreements have reduced 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. Many entrepreneurs face numerous hurdles to exporting or importing goods, including delays at the border. They often give up. Others never try. In fact, the potential gains from trade facilitation may be greater than those arising from only tariff reductions.

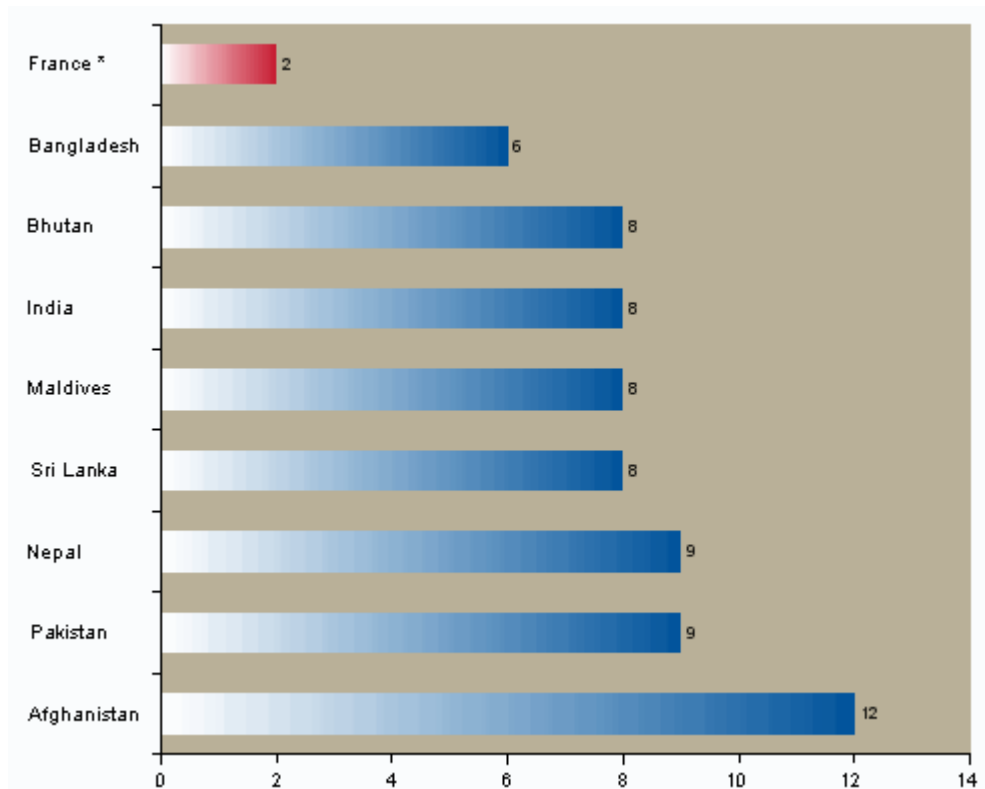
Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every procedure and the associated documents, time and cost, for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with 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 importer's 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. Payment is by letter of credit and the time and cost for issuing or securing a letter of credit is taken into account.

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, employs 60 people, and is located in the periurban area of the economy's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy. The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes 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 duties.

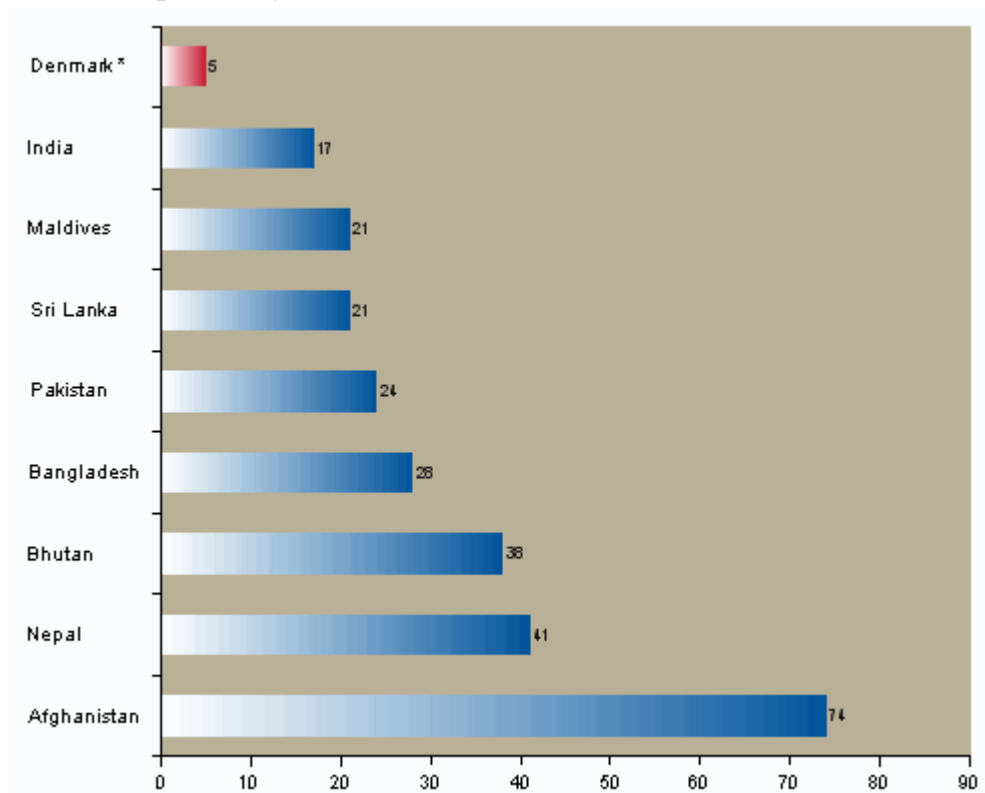
Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely,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

## Documents to export



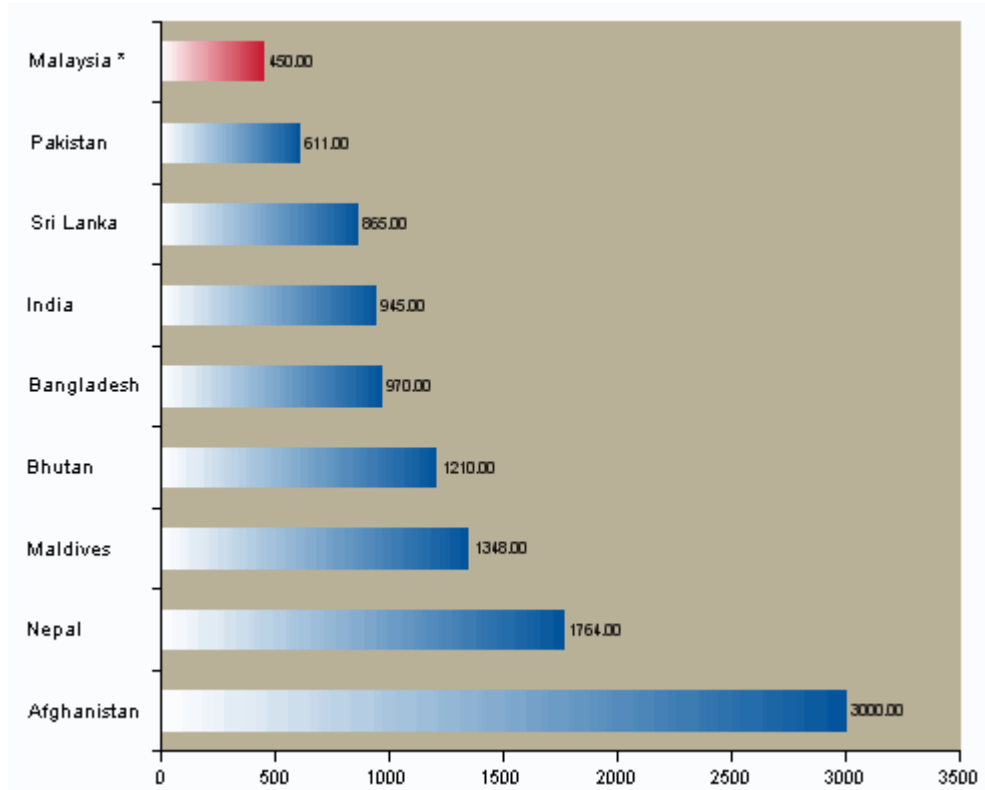
This graph compares the number of documents required before an entrepreneur can export. \* The economy requiring the fewest number of documents is included as a benchmark.

## Time to export (days)



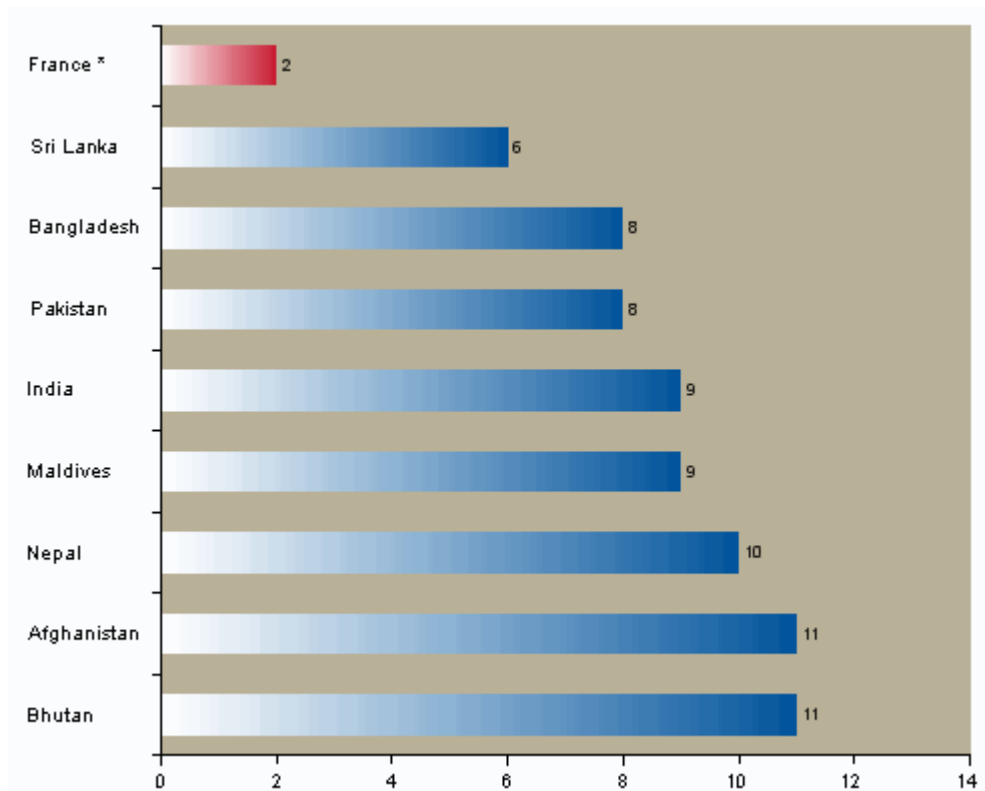
This graph compares the number of days required before an entrepreneur can export. \* An economy requiring the least time to export is included as a benchmark. Estonia and Singapore also have one of the lowest times to export.

## Cost to export (US\$ per container)



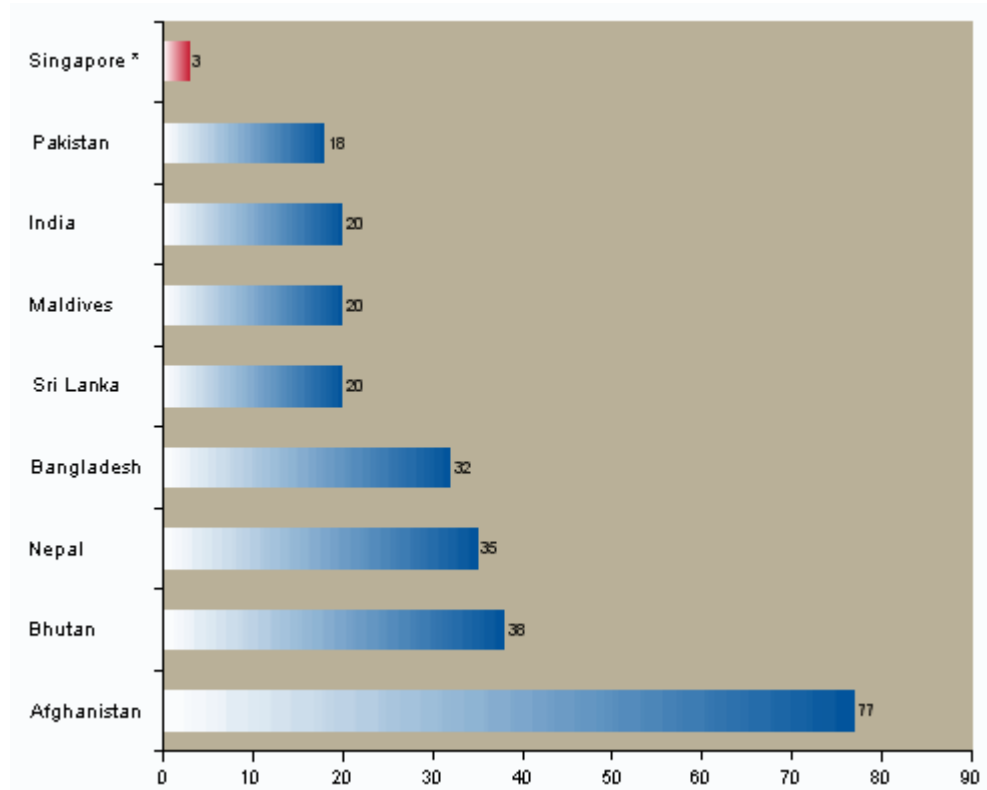
This graph compares the costs an entrepreneur faces to export. \* The economy with the lowest cost to export is included as a benchmark

## Documents to import



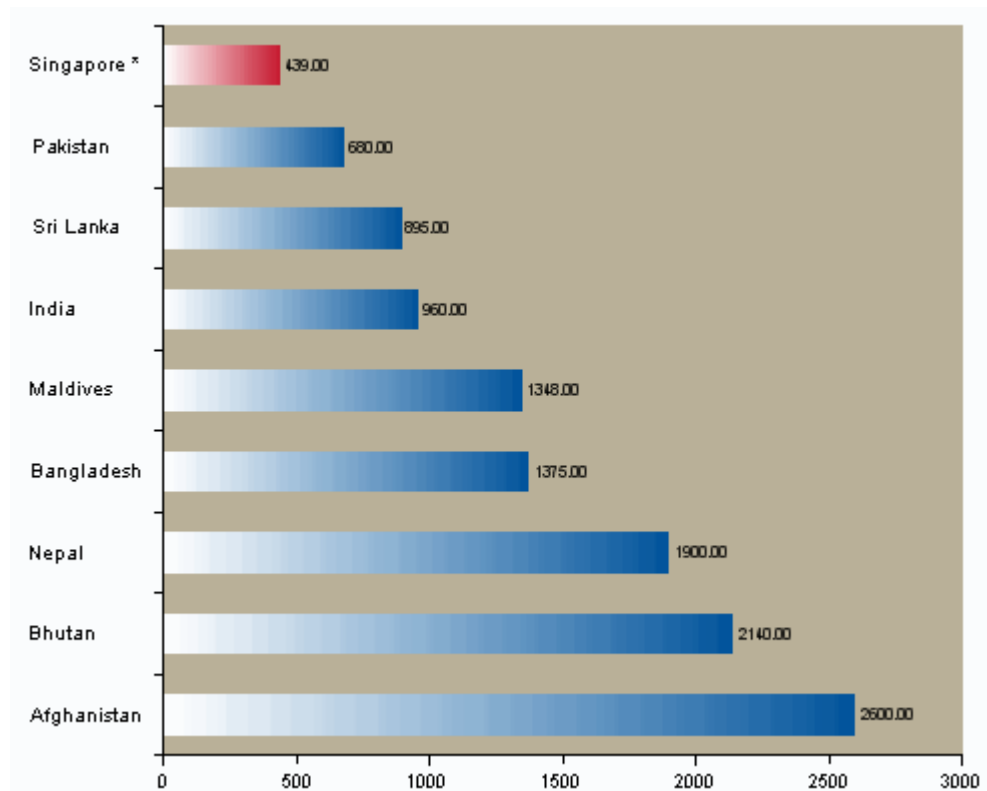
This graph compares the number of documents required before an entrepreneur can import. \* An economy requiring the fewest number of documents is included as a benchmark.

## Time to import (days)



This graph compares the number of days required before an entrepreneur can import. \* The economy requiring the least time to import is included as a benchmark.

## Cost to import (US\$ per container)



This graph compares the costs an entrepreneur faces to import. \* The economy with the lowest cost to import is included as a benchmark